Tuesday January 28 1992

World News

Hister talks postponed mtil after **iii.** election

Union's political leaders agreed to end attempts to open negoti-ations on the province's future and after the UK general elec-

tion their decision, taken after meeting Northern Ireland secretary Peter Brooke, could make the end of Mr Brooke's effects to resoulle Unionist attenualist aspirations. engrs presented to british and nationalist aspirations.
He is widely expected to leave the Northern Ireland office alter the election. Page 7

Sacking for Shamir jerseil prime minister Yitzhak Shamir gained sufficient par-Hamestery support for his minority government to allow him to keep control over moves towards an early general election. Page 4

ANÇ attacks de Klerk Cycli Remaphosa, secretary general of the African National Congress, criticised South Afri-can president F.W. de Klerk for taking no action against sandy force death squads.

till inspectors, investigating have chemical and biological wespons stocks, were trapped in a lass by demonstrators outside the Sheraton hotel in Bachdal while police refused to intervene. The UN called the incident a clear Iraqi benefit of UN resolutions.

1200

At least 80 people died in fresh fighting between Armenian and Azerbaijani militants over the disputed territory of Nagorno-Karabakh.

breach of UN resolutions.

US weapons cuts likely The US is expected tomorrow to announce plans to cut proinction of weapons systems in response to the collapse of the Soviet Union. Page 5

About 35 Aborigines occupied part of Australia's disused former parliament house in Canberra, calling for salf-government for the country's original inhabitants.

Customs brokers, who face redundancy when European are abolished next year, dained wide support for their one-day refusal to clear freight at many border crossings.

Serbs hear UN plan United Nations special envoy Dutted Nations special envoyablance Goulding tried to persuade Serb leaders from Croadia to accept a UN plan which provides for the withdrawal of the Sederal army from Croadia To The William Croadia To The Maria To The William Croadia To The To The Total Tot tia Page 2

France swings right Prance's governing Socialist party was badly defeated in six by elections. Page 2.

Train erash kills four Two commuter trains crashed head on near Rome during the evening rush bour, killing at ing about 50.

French to sign treaty France is to sign the United Nations nuclear non-prolifer tion treaty which, it said, it had always supported. The treaty bans the transfer of mislear technology. China is also ready to sign.

Air crash prompts strike Pilots at the French domestic afrime Air Inter are to strike for 24 hours on Thursday, according the government of jumping to conclusions about the Airbus crash in eastern France Which killed 87 people last Week. Page 2

Sally Mugabe, the Ghanaian-burn wife of Ziashabwe presi-dent Robert Mugabe, died, aged 80. She was the secretary of the women's league in Mugabe's ruling Zamu-PF

HK banking commissioner alerted BCCI managers

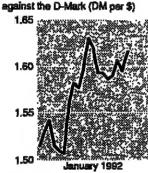
The Hong Kong banking commissioner admitted warning managers of the local sub-sidiary of Bank of Credit and Commerce International to reduce their exposure to the parent company before the worldwide closure of BCCI on

July 5. The warnings followed earlier alerts arising from the late publication of BCCI's 1990 accounts. BCC Hong Kong reduced its lending to the rest of the group from \$757m at the end of 1989 to \$4m at June 30 1991. Page 16

R.H. MACY, New York-based department store chain, filed for Chapter 11 bankruptcy pro-tection yesterday. Its problems stem from a debt load of nearly \$4bn incurred in a 1986 leveraged buyout by senior manag-ers, and the 1988 acquisition of the Bullock's and L Magnin

GRRMAN STREL: IG Metall union said ballot among 100,000 workers had so far pro-duced a 90 per cent "yes" vote for strike action. Page 16

FORKIGN EXCHANGE: The dollar maintained its firm tone through European trading and gained ground in Tokyo follow-



ing the release of a G7 communique reaffirming participants desire for stable rates.

CANADA has frozen all discretionary government spending and public-service hiring to contain a spiralling budget ieficit to C\$31.5bn (\$27bn) in the year to March 31, and calm increasingly jittery foreign

MR YUTAKA KUME, president of Nissan Motor, attacked Mr Lee Iacocca, chairman of Chrysler Motor, for his "outra-

NESTLE, Swiss food group, given go-shead by French stock market authorities for its FFr12.42bn (\$2.48bn) hostile takeover bid for Source Perrier, France's leading mineral water company. Page 17

MOUNTLEIGH GROUP, debtladen UK property company, announced pre-tax losses of £73.7m (\$131m) for the six months to October 31 and

Page 17; Lex, Page 16 MERRILL LYNCH, US securities house, unveiled full-year profits of \$696.1m, the highest in its history. Page 17

MAXWELL: Four Maxwell pensions funds covering about 4,000 employees and manage-ment at AGB Research, the UK's leading market research group, are to be wound up. Page 24

VOLVO, Sweden's largest industrial group, and Pro-cordia, food and pharmaceuti-cals conglomerate, wait for reaction from Swedish govern-ment's privatisation commis-sion on their proposed merger. Page 17

RUSSIA agreed to provide Poland with 7.6bn cubic metres of natural gas in 1992. This should goarantee gas supplies and get Polish heavy industry working again. Page 2

IMF is set to approve a \$2bn loan to Brazil and back Presi-dent Fernando Collor de Mel-lo's economic programme.

Record exports boost hopes for UK economy

By Peter Marsh, Economics Staff, in London

THE British government was yesterday given fresh heart on the economy with news of record exports in the final quarter of last year. Indications that UK exporters are continuing to find sales opportunities in a fragile world economy helped sentiment on the London stock market, where shares ended firmly higher

A strengthening of sterling against a weak D-Mark also increased speculation that Mr Norman Lamont, the chancellor of the exchequer, might find room to cut UK interest rates before the budget on March 10 in a move which would help the government's chances in the general election

the following month.
The developments gave Mr Lamont, who in recent weeks has been troubled by a weak pound and signs of continuing ep recession, his most heartening day on the economic front since Christmas. According to the Govern-

ment's Central Statistical

Office, export volumes in the three months to December

were up 0.5 per cent compared with the previous quarter, and 3 per cent higher than in the same pariod in 1990.
Last month, exports grew in value by 2% per cent compared with November to £9bn. (\$16.3bn) while imports stayed little changed at £9.6bn. According to the CSO, the total deficit on the current account last month came out at £388m.

dicted a deficit of £6.5bn. Also contributing to the cut in the overall deficit was a

counter gloomPage 6 LexPage 16 CurrenciesPage 36

tions of a £500m deficit. In November, the figure was

The figures helped to buoy the stock market, where the FT-SE 100 index of leading shares closed below the day's highs at 2,539.9, up 29.5. On currency markets, the pound climbed three-quarters of a prennig against the D-Mark, trading in New York last night at DM2.8737.

Sterling remains only about half a pfennig above its theo-retical floor in the European exchange rate mechanism (ERM) against the peseta, the strongest currency in the system. But it is far enough away from its D-Mark "lower floor" of DM2.78 for the government seem to that content against the state of the system. soon to start contemplating the possibility of a reduction in base rates. These have been stuck at 10.5 per cent for nearly five months, during which many politicians and industrialists have called for

new cuts in borrowing costs to aid the recovery.

The good performance by UK exporters during 1991 was a big factor behind a fall in the current-account deficit for the whole of 1991 to 25.8bn, from year deficit of (nearly) £6bn full 15.2bn in 1990. In the government's Autumn Statement in November, Mr Lamont had pre-

sharp drop in imports, caused by low demand due to the recession. Although the CSO said import volumes between the third and fourth quarters

of 1991 were virtually flat -providing little evidence that faint stirrings of recovery were stoking increased demand for imports – yesterday's figures encouraged hopes that good export growth during 1992 will aid the UK economy.

and the UK economy.

Despite signs of a puncturing in the general gloom about the economy over the past month, many investors remain cautious about the short-term outlook. Today's quarterly report on industrial trends by the Confederation of British Industry is expected to paint a down. try is expected to paint a down-beat picture of prospects over the next few months.

While the Treasury said the good export figures were "quite encouraging", the govern-ment's political opponents took the opportunity to highlight the size of the trade deficit, which both main opposition parties take to be a measure of economic weakness.

Mr Gordon Brown, the Labour trade and industry spokesman, said Britain was still firmly stuck in recess with ministers paralysed by inaction, while the Liberal Democrats said: "An end-of-



Israeli foreigu minister David Levy (left) and Andrei Kosyrev, his Russian counterpart, during their meeting at the Foreign Ministry guesthouse in Moscow yesterday

PLO demands jeopardise Mideast talks in Moscow

By Tony Walker in Moscow

LAST-MINUTE talks were being held last night to ensure the Middle East multinational forum due to open in Moscow today goes ahead as planned following demands by the Pal-estine Liberation Organisation for broader Palestinian repre-

US and Russian co-sponsors of the forum feared the issue of Palestinian representation could provoke a welkout by the Israeli delegation. PLO calls for the Palestinian

delegation in Moscow to include representatives from the diaspora, among them Jerusalem-born Palestinians, have cast a shadow over the multilateral talks, the third stage of the latest Middle East peace effort launched in Mad-rid last October. Seeking to downplay the

argument, US and Soviet offi-cials made it clear the Pelestinian delegation must be restricted to the "Madrid formula" allowing only represen-tatives from the West Bank and Gaza strip, occupied by Israel in the 1957 war. A two-tier Palestinian dele-

gation was due in Moscow last night. At the Madrid opening last October, the Palestinian team included representatives from east Jerusalem, but these did not participate directly in

the discussions with Israel. Representatives from about 18 countries, including perma-nent members of the United Nations Security Council, are expected to sit down today in Moscow's Hall of Unions to discuss such issues as regional disarmament, economic development, water and the environ-

cotting the talks, claiming Israel has shown no commit-ment to a Middle East settlement based on the "land for peace" formula outlined in Security Council resolutions. Radical Palestinians have con-

Yeltsin cancels meetings and leaves Moscow

By John Lloyd in Moscow

RUSSIAN president Boris Yeltain cancelled all engage-ments for yesterday and today and has abruptly left Moscow on what his sides described variously as "domestic business" and the need to prepare for a visit to Britain and the

Speculation that he might be ill – following recent reports of heart problems – was strongly denied by Mr Pavel Voshchanov, his press spokes-man, who said: The president is absolutely healthy and in

they had been given no further information. However, western diplomats said they were reas-

trip would go ahead.
Although it was not being suggested that his absence had any more ominous political explanation, the haste of Mr Yeltsin's departure was, if nothing else, being viewed last night as having been poorly

Mr Yeltsin's whereabouts were not made known, though officials promised a statement today. Senior Russian government officials said last night with Mr Michio Watanabe, their foreign minister, had been cancelled without a new date being set. Mr Seiji Mori-Japanese Foreign Ministry, said: "We were told that a meeting on Monday was impossible, and that perhaps the meeting would be possible at another time."

Japanese press reports yes-terday had quoted unnamed

officials close to Mr Yeltsin as saying that he had a heart allment. However, a Yelisin aide told Japan's Kyodo news ser-vice that the president was suffering from a cold. Mr Yeltsin had also been due to partici-pate in the opening day of the

His planned trip to the UK on Thursday to meet Mr John Major, the British prime minister, and then to New York to take part in the United Nations Security Council summit on Friday, was said yesterday by Russian and British officials to

be still on course. He is due to spend Saturday – his 61st birthday – at Camp David with US president George Bush.

crowded and often spread

across a seven-day week. In to the Urals, to the Volga region, to St Petersburg and Ryazan for speeches and to meet workers and shoppers -trips which saw him heckled for the first time since becoming president. Last Thursday he conducted a stormy meeting

of the cabinet of ministers, which he heads in addition to his presidential duties. He accused his ministers of having launched the price liberalisation with inadequate preparation for social security for the people and with not He has been under growing pressure from former close allies such as Mr Alexander Rutskoi, the vice-president, and Mr Ruslan Khasbulatov,

the chairman of the Russian

parliament, for his insistence

Lagardère plans merger of Hachette and Matra

MR Jean-Luc Lagardère, chairman of the Hachette pub-lishing group and of Matra, the yesterday revealed plans to merge the two arms of his

business empire.
"I am reflecting today on integrated financial structures which could unify the group without weakening control over it," he told La Tribune de l'Expansion, a French newspa-

The plan, designed to allow cash to flow more freely between the two French companies, received a sceptical response from analysts, who argued that it produced few clear benefits beyond making both companies possibly more resistant to hostile takeover than they already are. Both are majority controlled by Mr Lagardère and shareholders

loyal to him. The scheme would create a group with FFr54.3bn (\$10.03bn) sales and FFr1.1bn net profits based on their 1990 accounts, which showed group

net profits of FFr492m on turnover of FFr30bn for Hachette and FFr606m of profits on sales of FFr24.3bn for Matra.

However, Hachette swung into loss in the first half of last year and faces heavy losses at La Cinq, its 25 per cent owned television station, which is seeking a rescue after filing for bankruptcy. Matra announced a steep profits decline over the same period, hit by failing demand for defence and tele-

communications products.
"In these businesses, continuity, independence and long term strategy are indispensable and one cannot build in the fear of a hostile bid," said Mr Lagardère. Mr Lagardère.
Once La Cing's problems were settled, both companies would be very profitable, he

"The objective is not to cover the possible losses of one by the profits of the other, but to allow cash flow to circulate to invest in the most promising domains." Mr Lagardère

Officials at Hachette and Matra stressed there was no timetable and the project was in its initial stages.

Mr Lagardère pointed out that Hachette's share of La Cinq's expected FFT1.12bn losses for last year would be covered by the FFT2.5bn profit from the sale by Hachette of the Paris headquarters of its NMPP press distribution company. Mr Lagardère described

Hachette and Matra as a "two-headed eagle" and argued that they had been unable to draw the benefit of belonging to the same group. He bought a stake in Hach-

ette in 1980, and wanted to merge it with Matra at the time. But Matra was national ised a year later by the first Socialist government, to be pri-vatised again by the Gaullist administration in 1987.

Today, Hachette and Matra are linked through Mr Lagar-dère's private holding group. MMB, the ultimate owner of controlling stakes in both.

STOCK INDICES FT-SE 100: Yield 4.83

FT-SE Eurotrack 100: 1,142.52 (+ 10.86) FT-A World Index:

2,539.9 (+29.5)

FT-A All-Share: 1,213.90 (+1.1%)

RAISED IN THE HIGHLANDS.



FAMOUS GROUSE FINEST SCOTCH WHISKY

QUALITY IN AN AGE OF CHANGE.

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BCARS STAUGH

US industry: GM. Ford and Chrysler all sell Driving force behind a scheme Beerge Gas find power stations being built in the UK may not prove economic 6. Editorial comment: The ex-Soviet Union's nuclear arsenal; UK telecommunications 14 Renkings The new head of National Westmin-ster's US operations has inherited a mess17 Retailing: A Japanese convenience store chain gets to know its customers intimately ... 26

Yemes Discoveries of oil and gas are leading the way to brighter economic prospects27

Batale 5.7 Crossword 38.8 Currencies & money 38 Currencies & money 14 5 Editorial Commant 14 Observer

to make the polluters pay



The plan by environment commissioner Carlo Ripa di Meana to introduce a carbon tax in order to combat harmful emissions is one of the most ambitious fiscal and environmental moves yet contemplated within the EC.

Page 16 -London -Technology Unit Trusts 32-35 14 World Index

low York : \$1,782 (1,8005) Landon: \$1.7765 (1.8055) FFr9.78 (9.7725) SFr2.5525 (2.54) £ index 90.5 (90.8) GOLD

MARKETS

New York Comex Feb \$355 (354.7) London \$356.15 (354,85) N SEA OIL (Argus) Chief price changes yesterday: Page 17

New York DM1.6105 (1.58925) FFr5.4855 (5.4195) SFr1.43025 (1.412) Y125.25 (123.35) DM1.6165 (1.5875) FFr5.505 (5.4125) SFr1.437 (1.407) Y125.4 (123.3) \$ index 62.9 (62.1)

Tokyo close: Y124.57 US CLOSING RATES Fed Funds: 4% (3%) 3-mo Treasury Bills: 3.93% (3.88) Long Bond: 103-72 (1031₂) yield: 7.72% (7.692%)

DJ Ind. Av. 3,240.61 (+7.83) S&P Comp 414.99 (-0.49) Tokyo: Nikkei 21,007.11 (-65.04) 1012% (1012%) Liffe long gift future: Mar 9752 (Mar 9716)

146.85 (-0.9)

New York close

LONDON MONEY 3-month interbank:

Poland secures vital gas deal from Moscow

POLAND has won a new agreement with Russia which should guarantee gas supplies and get Polish heavy industry working again, an embassy official said yesterday, Reuter

reports from Moscow.

Ms Agnes Niszesta, Polish embassy press attaché in Moscow, said yesterday Russia had agreed to provide Poland with 7.6bn cubic metres of nat-ural gas in 1992, below a previabove an earlier offer of 6.1bn.

"It is not as much as we wanted, but enough for our industry," she said. New gas supplies would start to arrive from February 1.

All of Poland's heavy industry and most of its chemical plants have been idle since last week because of gas shortages

week because of gas shortages caused by lower Russian sup-plies and higher demand for energy as temperatures fell.

The 180 large-scale idle factories, which account for 70 per cent of Polish industrial gas consumption, were using just

temperatures Household users of gas have not been affected by the cuts but their increased usage in the cold weather has depleted

supplies to industry.
Steel mills and fertiliser plants have been the worst hit, although these sectors had already sharply lowered production over the past two years as a result of Poland's

Ms Niszesta said the new deal was sealed in Moscow this week after an emergency meeting between Russian authorities and Mr Adam Glapinski, the Polish

The original deal, agreed in December and worth about \$2.8bn (£1.5bn), guaranteed Poland supplies of 8.1bn cubic metres of natural gas and 5m tonnes of oil in 1992 in return

for food, sulphur, coal and

But Russia cut gas deliveries on January I, days after the barter deal had been agreed. Poland is sensitive to any disruption of gas supplies from Russia as it depends entirely on a pipeline network inherited from the now-defunct Soviet-led Comecon trade organisa-

ning at some 45 per cent below agreed levels since the begin-ning of the year. Gas imports reached 7bn cubic metres last year, with deliveries restricted to pipelines linking Poland with the Siberian gas fields. Alternative supplies are impossible until new pipelines are built to the North Sea oil

and gas fields. Talks with Stat-oil the Norwegian supplier are expected soon.
The position on oil is not

quite as worrying as the Soviet Union accounts for just 57 per cent of Polish oil imports. How-ever, deliveries from the Soviet Union ceased altogether last month after only 125,000 tonnes out of an agreed 5m tonnes for the year had been

Poland has alternative sup-plies of oil from Iran and Saudi Arabia as well as the North Sea, all of which can come be pumped through the Gdansk oil terminal on the Baltic. Last year Poland imported 11.5m tonnes of oil, with 6.5m coming from the former Soviet Union.

Delors seeks to calm budget fears

THE European Commission president, Mr Jacques Delors, said yesterday it would be difficult for Brussels to propose a hefty increase in the Commu-nity budget while the 12 member states were facing recess-ionary pressures and public

spending constraints.
Outlining his priorities for
1992 – which could be Mr
Delors' last year as Commission president – he stressed the importance of the budget measures package for the fiveyear period from 1993. The Commission is due to table proposals in two v these are expected to include increased assistance for the poorest members of the Community.

But the possibility that the EC's overall budget might be substantially increased from this year's level of Ecu66bn (£47bn) is already worrying wealthier member states such as Britain and Germany.

Mr Delors acknowledged that "[national] budgets will be tight", in part because member

ing to meet the strict criteria for economic convergence imposed by the treaty on economic and monetary union.
The need to rein in EC budget increases would also restrict Brussels' ability to respond to the growing number of aid demands coming from outside the Community, he added. He also alluded to the possi-

bility that the EC's research and training funds could be used to support European industry, a move which would arouse the suspicions of the EC's free-market mem-

Mr Delors said: "The globalimir Detors sain: The global-sation of the economy is con-tinuing and we have two ways [of reacting] – adapting our research policy and putting our training resources at the disposal of companies."

Budget proposals being discussed by the Commission at the moment envisage an increase in the current statu-tory limit of 1.2 per cent of EC gross domestic product to between 1.35 and 1.45 per cent

Customs brokers stop work at EC borders

By Andrew Hill in Brussels

CUSTOMS brokers, faced with redundancy when European Community frontier controls are abolished next year, yesterday attempted to focus attention on their case by refusing to clear freight through cus-toms and tax formalities at many European border cross-

ings.
Clecat, the brokers' trade association, claimed widespread support for the indus-

Belga, the Belgian news agency, reported severe hold-ups on the French and German borders with Belgium yester-day morning. There were also traffic jams at the frontier between Greece and Yugoslavia, where Greek lorry-drivers took the opportunity to protest against increased duties

through Hungary. Clecat said no action had

been taken in Denmark and Ireland, and active support was more limited in the UK and the Netherlands. Dutch brokers are to meet their government

Brokers are calling for aid from national governments and the European Commission to help them adapt to the internal market, expected to sweep away most of the paperwork now handled by the private

Mrs Christiane Scrivener, the EC commissioner responsi-ble for customs union, said yesterday the Commission, national and regional authorities were trying to find ways of retargeting EC funds to assist the 85,000 employees in the secGerman chancellor calls for dismantling of tactical nuclear weapons

Kohl warns CIS over military build-up

By Quentin Peel in Bonn and Chrystia Freeland in Kiev

CHANCELLOR Helmut Kohl yesterday warned the former Soviet republics not to contemplate setting up new armed forces of a size which would disturb the security balance in

Europe. It was "senseless" for the west to provide humanitarian aid and help rebuild the economies of former Soviet republics if at the same time they were debating setting up forces which would disturb the European balance, and tie up financial and technical resources which could be used more sensibly in other fields". Mr Kohl was addressing the chiefs of the general staffs of

UN envoy

to Serbs

By Laura Silber

in Croatia

UNITED NATIONS special

envoy Marrack Goulding met Serb leaders from Croatia yes-

terday in an attempt to persuade them to accept a UN peace plan which provides for the withdrawal of the federal

army from Croatia after the

deployment of a 10,000-strong

multinational peacekeeping

oppose the plan because they say it falls to offer guarantees for Croatia's 600,000 Serbs.

for Croatia's 600,000 Serbs.

However, Mr Goulding, who is responsible for peacekeeping operations in the former Yugoslavia, said he was "encouraged" after meeting Mr Goran Hadzic, a leader from the self-proclaimed Serbian region in eastern Slavonia.

"It is possible to say that a step forward has been made... We all have to do everything

we all have to do everything we can to convince the leaders of Kratina [the self-proclaimed Serbian republic in south Croatia] that it is a... plan which offers the possibility of establishing peace in Yugoslavia," he said.

Mr Goulding was due to meet Krajina's president, Mr Milan Bable, in the course of

his five-day visit. Mr Bable is staunchly opposed to the UN peace plan, which also envis-

ages creation of UN protected

areas in Serb-populated regions, as well as the disarm-ing of Serb and Croat irregu-

Serb insurgents, backed by

the federal army, currently control a third of Croatia.

A western diplomat yester

day said: "Serbia [under Mr

Milosevici no longer has the finger-snapping authority over Babic. I am a little more opti-

mistic about the prospects for

the UN plan."
Mr Milosevic says he sup-

ports the UN plan but he appears to lack control over Serb leaders from Croatia. And

in a sign of another shift in

Serbian policy, Mr Ratko Mark-ovic, a legal adviser to the republic's government, called for Serbia to "reactivate" its

Politika, a Belgrade daily

and mouthpiece for the Ser-bian government, quoted Mr Markovic as saying: "Serbla must elaborate its concept of an independent state and reaf-firm its recognition which exists since 1878."

Mr Milosevic has insisted

exists since 1878."

Mr Milosevic has insisted previously that Yugoslavia still exists despite the recognition of Croatia and Slovenia. Serbia did not apply for independent status or seek recognition.

Mr Goulding is due to hold talks in Zagreb, the capital of Croatia, where the truce continues generally to hold.

CONDOM sales in Europe should increase 61 per cent from \$492m (£271.8m) in 1990 to

\$516m over the next five years, according to a report* published by Frost & Sullivan, the market research company.

tinues generally to hold.

independent status.

in eastern Slavonia.

talks peace

all nine member states of the Western European Union (WEU), who gathered for the first time yesterday in Bonn as part of the process of building a stronger European defence

identity. His remarks coincided yesterday with a decision by Mr Leonid Kravchuk, Ukraine's president, to appoint three commanders loyal to the republic, in a further step towards creating a Ukrainian national army. The new commanders.

whose predecessors refused to swear an oath of obedience to Ukraine, will head the military districts situated in Ukraine.

The move is likely to cause consternation in Moscow where military chiefs are strongly against dismember-

ment of the Red Army. Ukraine has been largely successful in its effort to form its own army, securing the loyalty of nearly 300,000 soldiers by the end of last week.

Mr Kohl yesterday called for the dismantling of tactical nuclear weapons in the Commonwealth of Independent States (CIS), successor to the Soviet Union, and gave his backing to moves to provide peaceful occupations for former Soviet nuclear scientists. to prevent them exporting

their knowledge abroad. The meeting in Bonn is a direct consequence of last month's European Community summit, and is intended to

give "operative form" to the EC agreement on a common foreign and security policy, a German spokesman said.

• Reuter adds from Moscow:

Fighting raged in different parts of the Caucasus yester-day, with dozens killed in one of the bloodiest battles in a longstanding territorial con-flict between Armenia and Azerbaijan. A spokesman for the Armenian mission in Moscow said 45 Azeris and 15 Armenians had been killed

over the weekend in the dis-puted enclave of Nagorno-Karabakh.

Rita (formerly Tass) news agency said fighting was con-tinuing around Karin-Tak, where it had been reported that the attackers left more than 60 dead on the battlefield". Twenty residents and defenders of the village had

also been killed. Elsewhere in the Caucasus, one person was killed and several wounded in the west Georgian town of Poti as government forces attacked loyalists of ousted Georgian President

Socialists suffer in **French** by-elections

FRANCE'S governing Socialist party took a hammering over the weekend in six by-elections which also saw a sharp increase in the vote for the extreme right-wing National

The results of the by-elec-tions (one national and five local) indicate that the Social-ists are in deep trouble despite a recent small reduction in the

significant strides in those elections, since in each of the weekend's by-elections its candidate won between 13 and 16 per cent of the vote. This represents a large advance over the 9.6 per cent gained nationally in the 1988 general election. Moreover the consistency of these latest results suggests that the Front is becoming

The pattern was most striking in the first round of vot-ing for the by-election to the National Assembly seat near Lille in northern France, Supcollapsed to under 13 per cent, compared with more than 31 per cent in 1988; the National Front surged to second place with 15.7 per cent, compared with 10.4 per cent in 1988. The Front candidate thus qualified for the run-off in the second

candidate came fifth.

nest the camons of Lons-ie-Sau-nier in the Jura, and of La Verpillère in the Isère.

• French unemployment sin-bilised at 9.8 per cent last month, bolding out hopes that the government is starting to hring its most serious see

Aubry, labour ministr

record unpopularity of President François Mitterrand and his prime minister, Mrs Edith his prime minister, Ars Koun Gresson. The party also faces the prospect of serious losses in nationwide regional and local elections in March. The National Front, by con-trast, appears likely to make significant strides in those elections, since in each of the

of these latest results suggests that the Front is becoming increasingly established throughout france.

The party's weekend showing is still well short of the 20 per cent which the Front claims is its national target for the March elections. But few the March elections. But few observers would now dismiss this target as absurd, and in some regions with large immi-grant communities, like Mar-seilles, it could be quite plausi-

round against a centrist, who
won nearly 47 per cent.
In the first round of voting
in the local election at Bischwiller near Strasbourg, two
candidates — from the
National Front and a disaident extreme right-wing par-ty - shared more than 22 per-cent of the vote. The Socialist

The Socialist party was forced into fourth place at Quesnoy-sur-Deule in the Nord, behind the National Front and the Greens, and it lost the cantons of Lons-le-Sau-

bring its most serious eco-

bring its most serious eco-nomic problem under control, adds William Dawkins. The number out of work rose slightly by 0.05 per cent month-on-month, to 2.82m, representing an 11.7 per cent rise in those seeking a job over the past year. This was a "pos-itive result" said Mrs Martine Aubry, labour minister. 1990. Unification should increase the condom market since they were not officially available in East Germany.

In the UK, condoms have worth \$45m, is poorly development. However, the outlook for industry continues to be dull,

according to a poll of senior executives published yesterday by Insee, the state statistics body. In the six-monthly poll 17 per cent believed their prof-its were poor or unsatisfactory

budget may boost pendin spending by 7.7% By Tim Coone in Dublin 4

THE Irish government is aiming for an exchequer box rowing requirement of PASSER rowing requirement of 12545m (£509m) or around 2.2 per cent of GNP, in its 1992 budget due to be announced tousorrow. This would be slightly up on 2.1 per cent of GNP in 1991.

Pre-budget estimates of receipts and expenditure, published by the Finance Minister of increase of 7.7 per cent in total

yesterday show a projected increase of 7.7 per cent in total government spending to 1210.6hm, with revenues rising by 4.7 per cent to 129.9hm.

Public pay and pensions is expected to account for 123.72hm of the spending total taking into account a new pay package agreed with public sector unions earlier this month. month.
Under existing tax provi-

sions and estimates. Income tax revenue is projected to rise by 9.6 per cent to E3.56hn. while corporation tax revenue is targeted to rise by 13.6 per cent to 12673m. A 7 per cent increase in VAT revenues to

increase in VAT revenues to 12.2hn is anticipated.

The government has come under increasing pressure from trade union and business sectors to launch sweeping tax reforms in the 1992 budget. Earlier this month, the industrial Policy Review Group (IPRG), an advisory body to the Department of Industry, said the reform was "a matter of tax reform was a matter of

urgency".

The report recommended the phased reduction or elimination of a wide range of tag breaks and incentives, in order to bring down personal tara-tion rates among the highest in the EC. Mr Bertie Ahern, the finance

minister, sald last month there was little prospect of any tea cuts in this budget, though his own Fianna Fail party is recommending a reduction in the lower income tax rate from 29 to 28 per cent, and a reduction in the top rate from 52 to 50 per

The party is atrongly opposed to any reduction in mortage interest relief.

Mr Des O'Mailey, the industry minister who set up the IPRG last year, is strongly in favour of tax reform. As the leader of the Progressive Denocrat party, the junior partner in the coalition government, he last week issued an ultimatum to Mr Charles Hanghey, the to Mr Charles Haughey, the prime minister, to resign or lose his party's support, because of a series of controversies that have undermined the government. Mr Haughey is expected to announce his intention to resign this Thurs-

Mr Ahern, who became finance minister last November, is a leading contender for the succession to Mr Haugher, and the public's reception of his first budget could have an important influence on his chances of assuming the lead-grahin

Airbus crash prompts strike call by pilots

PILOTS at the French domestic arline Air Inter have called a
24-hour strike for Thursday,
accusing the government of
jumping to conclusions about
an Airbus crash in eastern
France which killed 87 people France which killed 87 people last week, Reuter reports.
The USPNT pilots' union

said the Transport Ministry had "exonerated" the ultrahad "exonerated" the uitra-modern Airbus A320 and, by implication, blamed the crash on pilot error. A preliminary report on the crash, the third involving an A320 and the involving an A320 since the involving an ASSO since the airliner entered service four years ago, is not due for a month. The airliner is one of the world's fastest selling.

"There have been too many accidents with this aircraft," the union said.

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Financial Times (Scandinivin) Visiabli-skaltur 42A, DK-1461 Copenhagustk, Drumath, Telephone (13) 13 44 41, Fax (33) 935335.

still growing rapidly, increasing 12 per cent during 1990, mainly because of low usage of the pill. West Germany is the second However, the rapid market growth during the late 1980s, *The European market for OTC 1960s. Condom sales reached \$67m in 1990. In Spain, more than half of women between 15 and 45 do following the first realisation that heterosexuals were at risk from HIV, will not continue, largest European market, where sales reached \$111m in for the transit of freight tor. Commission opposes move to trade airport landing slots

By William Dawkins in Paris

the government to compensate

it for the income it expects to

lose under the planned merger

of the state's civil electronics

and nuclear interests.

The new group is unlikely to be making substantial profits for several years given the financial needs of the electron-

ics activities, in the view of Mr

Philippe Rouvillois, general administrator of the CEA, which has spearheaded France's ambitious nuclear

energy programme. This is the first official rec-

ognition of the financial chal-

lenges facing the new com-pany, to be called Thomson-CEA-industries (TCI),

said the report.
The largest market in

Europe for condoms remains Italy, with annual sales of \$193m. The Italian market is

By Daniel Green

AIRLINES SHOULD be allowed to buy and sell the rights to land at European airports, according to an advisory report prepared for the European Commission. Its suggestions conflict with the views of the Commission, which favours a more interventionist approach to prevent large airlines dominating airport landing slots.

The way in which landing slots are allocated is a central part of proposals for EC airline liberalisation. It is of pressing importance because several European airports, including London's Heathrow, Frankfurt and Milan, cannot satisfy the demands of airlines wanting to land there.

newcomers to the industry. In the interests of competition, the UK government last year forced the transfer of slots from British Airways to a much smaller competitor, Virgin Atlantic, on the lucrative London-to-

Tokyo route. So-called slot trading, as recom-

Such under-capacity shuts out US "has had a beneficial effect in securing a more efficient use of limited airport capacity". It quotes airlines as saying that the system had helped them "fine tune" their sched-ules, but adds that "slot trading needs to be part of a strong pro-com-

petition policy".

It recommends that independent mended in the report, could replace a system of allocations based on scheduling committees and biannual meetings of international carriers under the auspices of the International Air Transport Association (lata).

The report argues that slot trading at four of the busiest airports in the

His views have the support, in principle, of British Airways. "The current procedure should be amended to allow airlines to buy and sell existing ... slots," says the air-

Growth in condom sales expected to slow

The strongest would always be able to get the best slots. This would not help liberalisation of the market."
The EC wants, instead, to encour-

However Mr Bruno Julien of the EC's Transport Commission said: "We do not favour such a system.

French nuclear body wants

compensation over merger

FRANCE'S atomic energy plans for which the govern-commission (CEA) is pressing ment revealed last month. Mr minority in TCI. That is

Rouvillois told a French news

agency that he expects the commission to lose around

fFr400m (£41m) a year from the merger, in the form of divi-dends now paid to the CEA from its industrial unit's

nuclear plant and fuel operations, which would be

operations, which would be moved into TCl.

In exchange, the CEA would have a 30-35 per cent stake in TCl, which would clearly be unable to yield substantial dividends while saddled with the

losses of Thomson Consumer

The latter reported a FFr2.7bn net loss in 1990.
This stake would inciden-

overtaken the pill as the most

popular form of contraception for the first time since the

age airports to increase slot capacity and proposes that under-used slots are re-allocated to other airlines every six months.
It is not alone in its scepticism

about a free market in slots. US airport operators protest that slot trading might divert attention from other ways of dealing with under-capacity such as more efficient air trafic control.

intended to give it power to

veto any attempt break up TCI or fully privatise it. This comes at a time when

the CEA's budget is already

under pressure. It expects to receive FFr6.2bn from the state

this year to fund its huge civil

research programmes, 25 per cent down over five years, say officials. The state budget cov-

ers 65 per cent of the CEA's needs; the rest comes from

commercial revenues.

Despite his financial anxieties, Mr Rouvillois stressed that he was confident of the

CEA's future as an essential

body in nuclear research and policy advice.

worth \$45m, is poorly developed, according to the report.

The cost of buying slots might also be passed on to passengers through higher fares.

Proponents of a free market are also likely to face opposition from EC member states and companies. Last month, the UK parliamentary transport committee concluded that existing mechanisms were "a work-able, if imperfect method of allocating slots". It said that changes would be evolutionary, suggesting that

unused slots could be "returned to the scheduling committee for reallocation".

"The EC proposals have not yet been fully debated." conceded the Transport Commission. Advocates for both sides are due to get their for both sides are due to get their chance when the matter comes up for consideration by the Council of Ministers. This should happen before the end of the Fortuguese presidency of the Commission in July, the Transport Commission said.

*Slot Trading at United States Airports a report for the Director Commission. ports, a report for the Director General for Transport of the Commission of the European Communities, Putnam Hayes and Bartlett Ltd. 1992.

ans to buil plene plant

A Visibour

BETTISH Petroleum, recently best in the race for east Ger-many's lucrative Minol oil company and the Leuna petro-displicate refinery by Elf-Aquimine of France, may yet share in the Leuna site near Merse

the won the preliminary take ever Minol and build a new refinery at Leuna in a constrium with Thyssen and SB-Kauf. But the Treuhand agency owning virtually all the east German chemicals industry, wants to privatise the changes side of Leuna, heing nearly DM200m a year.
Mr Paul Achletiner, an executive director of Goldman Sachs, the investment bank savising Tranhand on the sale, said chemical companies pledged to invest at Leuna could join the Elf-led consor-

come your come joint owners than and become joint owners of the new refinery.

Transport is negotiating with several companies, including RNI of fixely and OMV of Australian and houses to finalise and house to finalise. trie, and hopes to finalise a package by next June when the Eff contract is to be signed. BP Chemicals had also sounded out interest in build-ing an acetic acid plant at Leuna Trenband said.

"RP could build it in a con-sortium or alone, we don't care." Mr Klaus Schucht, in care. Mr Klaus Schucht, in charge of the chemical industry at Treuhand, declared. Listing why Elf had clinched the Minol-Leans refinery deal, he said that unlike BP, it had guaranteed that the highly-resitable Minol service station. ble Minol service station network would not be broken

cir maker, is planning to more than double the capacity of its joint-venture assembly plant in Shanghai to 150,000 cars a year

VW said yesterday that Shanghei Volkswagen Automo-tive, in which it holds a 50 per cant stake, would invest

around DMibn (2000m) over the pext four years to increase capacity and widen its product

up. Elf aimed to build a new refinery at Leuna while BP wanted to refurbish the old one. The company, partly owned by the French Govern-ment, had a "strategic" interest in moving eastwards while BP was more concerned with "short-term returns", Mr Schucht claimed.

But BP still has a say in the future of the Leuna refinery, stemming from the joint ven-ture it set up in 1990 with Leuna and Intrac which mar-kets 80 per cent of the refinery's petrol and diesel oil to Minol. It also invested DM60m in a filling terminal at Leuna for oil tank trucks.

Under a year ago, Leuna and the two other chemicals pro-ducers, Bitterfeld and Buna, were seen as so obsolescent they could only be closed. That would have meant the end of chemicals output in east Germany. In 1989, 130,000 people were still employed as chemical workers in the Halle-Merse-burg area. Aware that costs of "de-industrialising" the region would exceed those of reviving it, Bonn backed a plan to res-cue the chemicals centre which will cost Treuhand up to DM10bn in infrastructure

investments.

Mr Schucht expected medium-sized German companies would locate at Bitterfeld. Albright & Wilson of the UK is negotiating to produce plant protection agents on part of the site. He hoped enough companies would be attracted over the next five years for the old loss-making Bitterfeld AG to be greatly reduced.

and China International Auto-

At the beginning of January, Shanghai Volkswagen Automo-tive took over the out-dated Shanghai Car Plant from

Shanghai Automobile Indus-tries, and this facility will be

modernised to provide the

(10 per cent).

extra capacity.

'Pots and kettles' clash in auto war

Kevin Done analyses sales of Japan-derived vehicles in America

HILE American car makers' marketing efforts for makers rail against the Japanese producers Japan's \$31bn include: (£17.1bn) automotive trade surplus with the US, the Big Three themselves, General Motors, Ford and Chrysler, now account for nearly a sixth of all the Japanese derived cars sold in the US.

Japanese makers led by

Honda, Toyota and Nissan boosted their direct share of US new car sales to 30.2 per cent in 1991 from 27.8 per cent a year earlier. But Japanese oducers' overall share of the US new car market is significantly higher, thanks to the efforts of the US car makers. GM, Ford and Chrysler all sell under their own badges Japanese cars – both direct imports from Japan and cars assembled by Japanese plants in the US, the so-called transplants - despite their increasing opposition to the level of

The Big Three's sales of Japanese-derived cars in the US totalled 473,068 last year and accounted for 16 per cent of all Japanese-related car sales in America. Including both the Japanese makers' own car sales and Japanese-derived cars sold by GM, Ford and Chrysler, the Japanese auto makers captured a record 36 per cent of the US new car market last year, against 33.5 per cent in 1990. The US car

 General Motors has established a special franchise, called Geo, as part of its Chevrolet division, for the sale of a range of Japanese-derived products. Geo car sales totalled products. Geo car sales totalled 265,992 last year. The Geo Prizm (a re-badged Toyota Corolla) is produced in the US by NUMMI, the Toyota/GM joint venture; the Geo Metro (a re-badged Suzuki Swift) by CAMI, the Suzuki/GM joint venture in Canada (it is also imported from Japan). The Isuzu Impulse coupé is

imported from Japan and sold as the Geo Storm.

Chrysler sells several Mitsubishi Motors models under its Dodge, Plymouth and Eagle hadges. Sales last year totalled 130,781. Models such as the Dodge Stealth (a re-badged Mit-suhishi 3000 GT) are imported from Japan, while others like the Plymouth Laser/Eagle Talon coupé (the Mitsubishi Eclipse) are built in the US at Mitsubishi Motors' plant in Bloomington-Normal, Illinois, a wholly-owned Mitsubishi plant (previously a joint venture with Chrysler).

Ford sells the Ford Probe, a

version of the Mazda MX-6 coupé, produced by Mazda at its Flat Rock, Michigan, plant. Ford Probe sales totalled 76,295 in the US last year.

Mr Richard Recchia, executive vice-president of Mitsubi-shi Motor Sales of America, says the US auto companies are backing legislation that would further restrict Japanese rehicle sales in the US, while they "not only enjoy the bene-fit of selling imported vehicles, but receive vehicles from the Car output by the Japanese transplants in the US (includ-ing NUMMI) increased by 1.1 so-called transplant Japanese manufacturing operations.
"This has all the earmarks of

as bad, unless it's a 'captive import' sold by one of the Big Three. Then it's good." R Lee Iacocca, Chrysler chairman and leader of the US auto industry's campaign to cut Japan's trade surplus, ignores the Big Three's own sales of Japanese cars in his attacks on Japanese cars in his attacks on Japan. Japan has the US auto industry "targeted and they're not about to take us out of their gunsights," he said on his return this month from Tokyo, "We ship them food and chemicals and raw materials, just like a colony. And they ship us value-added cars and machine

the pot calling the kettle black." The US car makers "view an imported car or truck

tools and electronics, just like a mother-country." While GM is being forced to cut its domestic operations drastically, the Japanese pres-ence in North America is still expanding. After the wave of

investment in the 1980s by Japanese vehicle makers in ass bly plants in North America (eight in the US and three in Canada), Japanese producers accounted for 24.9 per cent of increasing their share from 21.7 per cent in 1990.

per cent to 1.33m, despite the recession in US new car sales, and in contrast to the 11.7 per cent drop in overall US car output to 5.36m. Japanese car production capacity in the US is being further expanded with Toyota spending \$800m to almost double its Georgetown, Kentucky, plant to 420,000 cars a year by the end of 1993 (220,000 at present), and Nissan spending \$490m virtually to double its car and light truck capacity at its Smyrna, Tennes-see, plant to 440,000 units a year by mid-1992. The transplants' total car and light truck production capacity in North America is planned to reach 2.7m vehicles a year by 1993/94 following a \$7.5bn investment.
Mr Bob McCurry, executive
vice-president of Toyota Motor Sales USA, says that, with the build-up of their assembly plants in North America, Japa-ness car makers have achieved "one of the largest and quick-est industrial transfers" in

	Yokune	Volume	Share (%)	Shere (%)
	(Cinita)	Change(%)	Jan-Dec 91	Jan-Dec 9
CAR SALES	8,176,006	- 12.0	100.0	100.0
imports	2,104,000	-14.2	25.7	26.4
lapanese makes	2,472,000	-4.4	30.2	27.8
of which US-built	1,124,000	+ 6.0	13.8	11.4
European makes	339,000	- 26.0	4.1	4.9
Japanese derived*	2,945,000	- 5.3	36.0	33.5
CAR PRODUCTION	5,365,000	-11.7	100.0	100.0
of which Japanese				
US-builtt	1,334,000	+ 1.1	24.9	21.7
CAR SALES BY				
MANUFACTURER:				
General Motors	2,909,000	- 12.1	35.6	35.6
Ford	1,836,000	- 15.8	20.0	20.9
Chrysler	703,000	- 18.4	-8.6	9.3
Honda/Acura	803,000	-6.0	9.8	9.2
Toyota/Lexus	742,000	-4.8	9.1	8.4
Nissan/Infiniti	413,000 222,000	-7.4 -1.8	5.0 2.7	4.6 2.4
Mazda Mitsubishi	182,000	+8.3	20	1.6
Hvundai	118,000	-14.4	1.4	1.5
Volkswagen	92,000	-29.3	1.1	1.4
Volvo	68,000	- 24.7	0.8	1.0
Mercedes-Benz	59,000	-24.9	0.7	0.6
BMW	53,000	- 16.2	0.7	0.7
Saab	26,000	-1.1	0.3	0.3
Audi	12,000	-41.8	0.2	0.2
Jaguar	9,376	- 49.9	0.1	0.2
Porsche	4,388	-52.0	0.1	0.1
Alfa Romeo	3,478	-0.1	0.0	0.0
Yugo	3,092	-51.4	0.0	0.1
LIGHT TRUCK	4,159,000	- 9.4	100.0	100.0
SALES				
imports	713,000	-5.6	17.1	16.4 100.9
TOTAL CAR&LIGHT	12,338,000	-11.2	100.0	100,0
TRUCK SALES	4,320,000	- 12.5	35.0	35.5
General Motors Ford	2,867,000	- 13.6	23.2	23.9
Chrysler	1,508,000	- 11.2	12.2	12.2
Japanese makes	3,176,000	-4.6	25.7	24.0
Tovota/Lexus	1,010,000	-4.5	8.2	7.8
NORTH AMERICAN	10 101000		6,7484	. 14
CAR & TRUCK				
PRODUCTION	10,722,000	-8.9	100.0	100.0
-of which Japanese				
Nth.Am.builth	1,858,000	+7.2	17.3	14.7

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modern times.

VOLKSWAGEN, the German cent), the Shanghai branch of the Bank of China (15 per cent) mobile Industries Corporation

The equity capital of Shanghai Volkswagen Automotive is to be increased in stages in Output of VW Santana seloon cars at the plant at Anting near Shanghai jumped last coming years to DM350m from DM105m at present VW said year to 35,000, from 18,500 in 1990. The company is planning the company had now reached a local content level of almost gen has a workforce of 3,800 and has invested DM500m between 1985 and 1990. Cumu-

the existing plant.
The other shareholders in Shanghai Volkswagen Automotive are Shanghai Automobile Industries Corporation (25 per this week.

Italians to build \$150m ethylene plant in China

GEC Alsthom shares in

\$770m Iran power order

VW to double capacity

at Shanghai factory By Kevin Done, Motor Industry Correspondent

HARD on the beels of Chinese Premier Li Peng's visit to Rome this week. Technimoni, the plant building subsidiary of Baly's Montedison chemicals group, has won an \$150m (592.8m) order for a new ethyl-ene plant in Canton.

The contract, signed yester-day with three Chinese state entitles, envisages that the new plant, which will have an output of 130,000 tonnes of eth-

output of 190,000 tonnes of eth-viene a year, will begin produc-tion in 1995.
Production will be used to supply other facilities on the same site, to produce a variety of petrochemicals products including polyethylene and

China's current Five-Year Plan allows for building of 14 petrochemicals and 10 fertiliser

AN international consortium including Howden Group Can-ada, part of the Scottish engi-neering company, and GEC Alsthom, the Anglo-French

power engineering group, has won a \$770m (£435.4m) turnkey contract to build a 1,160MW power station in western Iran.

The contract is the first

important project for GEC Als-thom in Iran since the end of

thom in Iran since the end of the Iran/Iraq war, and one of the biggest amounced in the Middle Rast since the end of the Gulf War. Over the past year, Iran has been reactivat-ing several projects in thermal and hydroelectric power gener-stion

GEC Aisthon said it had

won "the major part" of the contract, while Howden said

its share was \$121m. Other

members of the so-called

Ontario Group consortium include Babcock & Wilcox of

Canada and Italy's Nuova Cim-

The project, at Arak, is for Tavanir, the Iranian electric

facilities and has sparked considerable competition among specialist contracting groups. The latest deal, won against French and Japanese competi-tion, consolidates Technimont's position in China where it has now either built where it has how either built or won orders for 14 petro-chemicals and fertiliser facil-ties worth around £L720bn (\$383m). The latest deal takes

the company's order book to

around L1,500bn. around 11,5000h.

Some 15 per cent of the value
of the order has been made as
a cash down-payment, with the
balance coming in the form of a 10-year export credit, dating from the start of production, and guaranteed by SACE, the Italian state agency which pro-vides medium and long-term

utility. Construction will begin later this year and the new sta-tion is due to be fully opera-

tional by 1996.

GEC Alsthom and Howden

will be responsible for design and supply of the turbine island, which includes two 550MW steam turbines and generators, air-cooled condens-

ers and a high voltage sub-sta-

The steam turbines are spe-cially designed to meet the requirements of the large air-cooled condensers, which are

necessary because of scarce

water supplies.
Delivery of the Howden components will start in the sec-

ond half of 1993 and take two

years to complete. The GEC

Alsthom equipment will be made at factories in Rugby and

Stafford, and in Belfort,

Financing and insurance for

the project is to come from the export credit agencies of the

consortium's member-coun-

France.

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Asean leaders fear effects of Soviet collapse

By Victor Mallet in Singapore

SOUTH-EAST Asian leaders, meeting at their first summit since 1987, yesterday welcomed the end of the Cold War but expressed foreboding about the probable economic consequences of the Soviet Union's collapse and remained divided on how to ensure regional

Mr Goh Chok Tong, Singapore's prime minister, urged the summit of the Association of South-east Asian Nations (Asean) to approve a proposed Asean free trade area and so enable the dynamic economies of its six member countries to compete with central Europe for investment as the Euro-

pean Community expands.

Asean might have a population of more than 300m, he said, but its combined gross national product amounted to only about \$310bn (£170bn), compared with more than \$4,000bn for the EC and about \$6,000bn for the US, Canada and Mexico. The EC population's purchasing power was 15 times and North America's 20

"Unless Asean can match the other regions in attractive-ness, both as a base for investments as well as a market for their products, investments by multinational companies are likely to flow away from our part of the world to the single European market and Nafta

[the North American Free Trade Area]," he said. A common theme running through the speeches of Mr Goh and the other five leaders - from Indonesia, Malaysia, Thailand, the Philippines and Brunei - was a fear of protecmarkets and of the emergence of potentially protectionist

NEWS IN BRIEF

Shamir likely to avert

vote of no-confidence

MR Yitzhak Shamir, the Israeli prime minister, yesterday secured sufficient pledges of parliamentary support to avert the embarrassment of a vote of no confidence in his minority government and allow him to keep control over moves towards an early general election, Hugh Carnegy writes from Jerusalem.

A no-confidence motion tabled by the main opposition Labour party which, if passed, would have obliged Mr Shamir to resign, appeared doomed after the prime minister persuaded the extreme right-wing parties which quit the coalition a week ago either to vote against the Labour motion or abstain.

Mr Shamir intended to use the breathing space to negotiate with both his Likud party's remaining religious party coalition

with both his Likud party's remaining religious party coalition partners and opposition parties to fix an election date to his

He has signalled his preference for June, by which time he hopes to have reached agreement with Washington on terms for \$10bn (£5.5bn) in US loan guarantees to help finance Jewish

immigration from the former Soviet Union. Fast rising unemployment and fears of economic hardship have made the loan guarantees an important election issue.

Chinese trade increases by 17.5%

China's foreign trade in 1991 scared 17.5 per cent to \$135.7bm (£71.9bn), the Chinese government announced yesterday, Kyodo reports from Beijing.

The country's balance of trade in the year posted a surplus of \$3.12bm with \$71.91bm in exports against \$63.79bm in imports. Exports were up 15.8 per cent and imports 19.5 per cent from the

The Ministry of Foreign Economic Relations and Trade attri-buted the good showing mainly to last year's abolition of export subsidies aimed at making Chinese enterprises more competitive, and to the west's lifting of economic sanctions and the virtual ending of a strict domestic economic policy that brought on appreciable growth in imports.

Hong Kong was China's top trade partner with \$49.6bn while Japan was second with \$20.3bn. Third was the US at \$14.1bn and South Korea was fourth at \$3.3bn. All four figures represented growths of more than 20 per cent. Trade with Taiwan, at \$4.2bn, was up 5.95 per cent. By contrast, trade with the former Soviet Union fell by 12.2 per cent to \$3.9bn.

Creditor nations working through the Paris Club rescheduled the official foreign debt of Cameroon over 15 to 20 years yesterday,

A Kuwaiti human rights delegation yesterday urged Mr John Major, the British prime minister, to increase pressure on Iraq to

free up to 1,053 Kuwaiti hostages held since the Gulf war, Mark

A 14-strong delegation from the Kuwait Association to Defend

Cameroon's debts rescheduled

Gulf war prisoners plea

regional trade blocs in America

and Europe. Although the Asean leaders want to establish a free trade area within 15 years, some of them also emphasised the need to continue nurturing ties with their main trading partners outside south-east Asia.

Mr Anand Panyarachun, the Thai prime minister, warned that proposed intra-Asean tar-iff reductions would not be easy. Asean, he said, would have to avoid the red tape and lack of determination which undermined previous attempts.
"In the short run, it could result in initial losses of government revenue," he said. "Inefficient sectors would become vulnerable to competi-tion."

In a speech characteristically critical of the west, Dr Mahathir Mohammed, prime minister of Malaysia, urged industrialised countries to help fight tropical forest fires and to combat piracy in the Straits of Malacca instead of attacking the environmental policies of

developing nations. He said: "More forests can be saved by preventing forest fires or putting them out quickly than by boycotting the export of tropical timber or advocating that forest dwellers remain in the forest, eating monkeys and suffering from all kinds of tropical diseases."

The Asean leaders welcomed the idea of Vietnam and Laos signing the regional Treaty of Amity and Co-operation, but they cannot agree on whether the US and the other permanent members of the UN Security Council should play a prominent security role in the area or be invited to sign the treaty. The Asean leaders welcomed

Democracy discomforts Hong Kong business

Conservatives fear Beijing's anger will be the second seco Conservatives fear Beijing's anger will hurt their interests in the colony. Simon Holberton reports

HE emergence of a limited degree of democracy in Hong Kong is causing unease among some of the colony's conservative politicians, many of whom are finding it difficult to adjust to the changed political environment brought about by democratic elections. Since September's elections, the

government in Hong Kong has hanged from one where the wishes of the colonial authorities were enacted into law by a relatively compliant leg-islature, to one where virtually all aspects of the government's legislative programme are vigorously debated, and, in some cases, changed. This has caused alarm in Beijing,

which has no interest in seeing an alternative centre of power establishing itself before 1997. It has made plain its desire to inherit an "execupiam its desire to inherit an executive-led" government from Britain's colonial administration. The change in political landscape is also worrying conservatives who want to take the line of least resistance with China. But these concerns cut little ice with Hong Kong's democratically-elected - mainly the United Democrats – politicians who can fairly claim to represent the people. They want greater democracy in Hong Kong before the colony is handed over to Beijing, and want relations between Hong Kong and China to be rooted in the 1984 Sino-British Joint

Law.
And, according to foreign observers of the colony's politics, the United Democrats' views command popular support. Explaining their appeal, one diplomat noted that there was a strong current of support for self-determination in the colony. "There is

Declaration, rather than the Basic



also support for a degree of confronta-tion with China; a desire to demonstrate independence. But it is not anti-Chinese or anti-British," he said. The elections in September were a watershed in Hong Kong. They allowed voters to elect candidates to answer voiers to elect candidates to 18 of the 60 seats in the Legislative Council (Legco). This was the first time the people of the colony had been given the opportunity to vote for political representatives.

The United Democrats, led by the mild-mannered yet outspoken Mr Martin Lee who in European terms

Martin Lee, who in European terms would be called a Christian Democrat, won 12 of the 18 democratically contested seats, while others of equally liberal persuasion won five of the

A further 21 of the 60 seats were elected indirectly by so-called func-tional constituencies – groupings which represent business, finance, the law and the labour movement, among others. Of the rest, 18 members were appointed by Sir David Wilson, the governor, with the remaining three occupied ex officio by senior government officials.

Legco's powers are substantial. It can amend and vote out legislation proposed by the colonial government. It cannot propose spending bills, but it can exercise a line-by-line veto over any of the government's spending plans. Last year it forced the then financial secretary, Sir Piers Jacobs, to back down from his budget pro-posal to increase tobacco taxes by 200

Legco has already exhibited its new democratic muscle by voting to con-demn a UK-China agreement on the composition of Hong Kong's Court of Final Appeal - a vote which commanded cross-party support - and last week by strongly attacking the British government for the delay in appointing a new governor.

But the new-found robustness and content of the debates leads conserva-tive local politicians to worry about upsetting delicate relations with China, which will assume sovereignty of the territory – albeit as a special administrative region - in 1997.

Mr Stephen Cheong, a Legco member since 1980 who now represents the Federation of Hong Kong Industries

(FHKI) as its functional member, went so far as to express fears that anarchy could develop in Hong Kong, during a speech at a conference to promote the territory's future in London.

Mr Cheong was roundly criticised for this by the local media. The Chi-nese-language Economic Journal suggested that the FHKI reconsider his qualification to represent it. "Democratic changes in Hong Kong are now a matter of fact," the paper said. "The [United] Democrats' performance has been reasonable and Hong Kong people should try to get used to living with democracy."

Yet, intemperate as Mr Cheong's

remarks were, they do strike a chord with the political supporters of Hong Kong's business and financial establishment. These people stand for sta-bility, a reasonable relationship with China, no hurry on democracy, and keeping the economic environment favourable for business. In short the maintenance of the status quo as it existed before September's

n party political terms they call themselves the Co-operative Resources Centre (CRC). It numbers more than 24 adherents in Legco and has four members on the Executive Council – the governor's cabinet. All members of the CRC were either appropriated by the colonial concentrates. appointed by the colonial government or submitted themselves to a limited plebiscite as a functional constituency member of Legco. Not one democrati-cally-elected politician has joined

their group.

Their concerns are derided by the democratically-elected politicians, who see them as representatives of the ancien regime. They accuse them of kowtowing to China either in the hope of preferment after 1997, or in the misguided hope that by acquiescing now Hong Kong will be spared later.

But they do agree that the central issue is Hong Kong's relations with China and an appropriate modes visuend for them. The United Democrats China and an appropriate modes vised for them. The United Democrats' position, however, places them as a collision course with the colonial gave arment. Westminster and Building. They want nothing less them the amendment of the Basic Law which sets out how Hong Kong with the governed after 1997 — and hong people democratically elected in inture plebiscites.

China has said the Basic Law can not be amended Mr Douglas Building although he held out little loope has success. Yet politicians such as life law want are politicians such as life Lee will not let go.

What the people of Hong Kong want are politicians who dars to speak the truth particularly when China and, to a lesser extent the Hong Kong government, is not deing the right thing by Hong Kong. he says. "Many people are prepared to critician the Hong Kong government, is not deing the right thing by Hong Kong." he says. "Many people are prepared to critician the Hong Kong government. But where can you find people to critician the elections."

Yet as the year progresses Mr Lee expects the temperature of politics in Britain's last important colony to rise. Given the representation in Legco the conservatives will see to that. But that is a mixed blessing to the celonial and British governments.

"Every time we fight and lose it is a

mai is a mixed diessing to the cap-nial and British governments. "Every time we fight and lose it is a pyrrhic victory for the government," says Mr Lee. "The question is how many pyrrhic victories cap they afford to win. Soon or later the people will become distillusioned."

will become distilusioned. He may have a point.

Private banks start to open in Taiwan

By Luisetta Mudie in Taipei

PRIVATELY owned banks have begun opening in Taiwan this month, ending a 40-year monopoly by government-run institutions and setting the stage for intense competition.

Grand Commercial Bank and Dah An Commercial Bank have begun operating, and 13 more are due to to follow soon under licences issued last May. The new banks have a minimum capitalisation of \$400m num capitalisation of \$400m (£221m) and are backed by some of the biggest names in Taiwanese industry.

Among shareholders are Lucky Cement, Far Eastern

Department Stores, Asia Cement, Evergreen Shipping, Formosa Plastics, China Rebar, Pacific Enterprises, Tainan Spinning, President Business Group.

The change is part of the ruling Nationalist (KMT) government's programme of financial liberalisation, which in 1991 included facilitation of trading in bonds and foreign exchange, and allowed trust companies to apply to convert

to banks. With their targeting of medium and small businesses, the new banks will also play a role as the first alternative to Taiwan's underground financial markets. The government banks' unwillingness to lend to any but fully collateralised concerns has meant that underground banks have flourished.

Conservatism about lending stems from the government's tight monetary policy to avoid the mistakes which led to the mistages which led to hyper-inflation when they were in power on the mainland over 40 years ago.

Mr Peter Kurz, of Baring Securities, said Taiwan's large supply of capital and strong manufacturing base gave it the potential to be a key financial power worldwide. cial power worldwide, although it lacked the neces-sary financial services as yet.



Philippines former defence minister Fidel Struggle of the Democratic Filipino, last month, Ramos (left) and supporters yesterday celebrate forming a separate party to fight the presidential elections in May. Mr Ramos, who has the backing of current President Corazon Aquino, resigned from the country's largest party, the AP reports from Manila. A total of 19 candidates, nine of them serious. have expressed their intention to run in the election, including President Ferdinand Mar-cos's widow, Imelda.

S African miners scrap profit-linked pay deal

THE South African National THE South Arrican National Union of Mineworkers' (NUM) decision to scrap a profit- and productivity-linked wage deal was the first shot across the bows of mining houses in the run up to annual wage talks, analysts said, Reuter reports from Johannesburg.

"It might well he the start of

om Johannesburg. "It might well be the start of a push for a differently struc-tured arrangement for 1992-93, and one at better terms," Mr Rob Gillan, analyst at Frankel Max Pollak Vinderine, said.

However, if the NUM's new demands were unrealistic, mine employers, squeezed by weak world prices for gold, would be forced to shed more workers, he said.

The NUM's outgoing acting general secretary, Mr Marcel Golding, told a news conference at the weekend that the union would pull out of the agreement at the June wage talks because of members' dissatisfaction with the bonus system and the way most mine

The mainly black NUM and the Chamber of Mines, which links the big mining houses, signed an historic performance bonus agreement last year. whereby a minimum annual wage increase is supplemented if the gold price reaches a trig-

The gold price did not trig-ger the bonus in the first half of the July-June, 1991-92 year covered by the agreement.

covered by the agreement.

But, in terms of cost containment and productivity schemes, some mines have paid out bonuses of up to 12 per cent, on top of a minimum.

4 per cent wage increase for the year, analysts said.

No houses hour heap reserved. No bonuses have been must at some of the marginal mines. The NUM was being denied information to enable it in

monitor the system, Mr Golding said, adding that there will no union participation in spiting targets, nor in the uneven distribution of bonuses, which managers used as a divisive.

De Klerk comes under fire over death squads

MR Cyril Ramaphosa, the secretary general of the Afri-can National Congress (ANC), yesterday criticised Mr F W de Klerk, the South African presi-dent, for failing to act against security force death squads which have targeted anti-apart-

heid activists. Former members of the South African Defence Force and the police have alleged that security force members have been involved in hun-dreds of deaths of activists in recent years. "We have reason to believe he [Mr de Klerk] knows and has known all along... and has done nothing to stop it," Mr Ramaphosa told

journalists in Cape Town.
Mr Roelf Meyer, the defence

minister, denied the claims and urged Mr Ramaphosa to prea-ent evidence to a government commission of inquiry.

Mr Ramaphosa took a more conciliatory line on key politi-cal issues such as interim gov-ernment. He indicated that the

ANC was willing to negotiate with the government over the issue of a proposed white refer-endum to approve constitu-

endum to approve constitu-tional changes which would end white domination.

Previously ANC leaders have ruled out the referendum, which would give whites a veto over political change. He also appeared willing to negotiate with Pretoria over the issue of electing blacks to an intertal electing blacks to an interim

Jordan keeps a wary eye on the Islamic surge in Algeria

AP reports from Paris.

The creditors announced that they advised stretching debt service payments to 20 years for public development assistance loans, and 15 years for other types of guaranteed loans. They did not say what amount of debt was covered by the package, but urged other creditors to arrange debt conversions for Cameroon.

Those participating in the Cameroon talks included Austria, Belgium, Britain, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, and the US.

Islamic movement vying for power through the ballot box.

through the ballot box.

There are already strong indications that the Moslem Brotherhood, the khwan, will dominate the 80-seat parliament after elections in November — thanks in part to the disarray of its left-wing and pan-Arabist rivals.

For many political analysts in Amman. Algeria offers a salutary Amman, Aigeria offers a salutary warning to Jordan's political leaders, who will seek to avoid being caught between allowing the Brotherhood to

EVENTS in Algeria are being monitored closely in Jordan, which is itself taking first democratic steps and which also has an influential Islamic movement vying for power stands the ballet how parliament. It received a substantial boost from the Islamic Salvation Front (FIS) victory in Algeria – the more so since the military-backed cancellation of Algeria's second round poll is widely felt to have eroded the credibility of Arab leaders' attempts to introduce democracy.

Algeria and Jordan cannot be

directly compared, however, and some analysts argue that Amman's system has enough safety valves to prevent

outright confrontation between the ace and the Brotherhood have grown Brotherhood and King Hussein.
While the FIS emerged in the 1980s as an alternative movement to the ruling National Liberation Front in Algeria, for instance, Jordan's King always allowed the Brotherhood a special status for having supported him during the 1950s against Arab left-wingers and radicals. left-wingers and radicals.

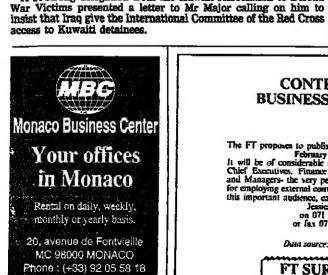
Moreover, the Brotherhood's leaders have constantly sought to avoid confrontation with the state and have opted in the past to use its privileged status to take influential positions in government institutions.

increasingly strained over the past few years as King Hussein has pub-licly attacked the movement's efforts to change the country's relatively lib-eral lifestyle. The Brotherhood has found itself further alienated from the King since his reconciliation with for-mer radical opponents and his decision to enter peace talks with Israel last October.

According to some members of the Brotherhood, the movement's most prominent leaders are concerned to retain a conciliatory policy towards the King. But they are coming under pressure from an

increasingly militant power base. In response to events in Algeria, the Brotherhood has found room within itself for both radical and moderating voices. The movement has attacked the cancellation of elections in Algeria as "usurpation of power from Islamicists", though some officials from the movement have also criticals from the movement have also criticised FIS for "confrontational tactics".

For its part, the palace remains wary about the movement's declared aim of establishing an Islamic state in Jordan, despite the fact that more radical members of the Brotherhood criticise its loaders for "constant" into cise its leaders for "co-option" into



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FT SURVEYS

Leaders forced to abandon grand climax at Srinagar

BJP unity tour falls short of expectations

THE OPPOSITION Bharatiya Janata party's much publicised ekta yatra (unity tour) ended in a pyrrhic victory, at best. Its leaders are now pondering whether it was worth the effort.

The BJP had hoped by emphasising national unity to widen its appeal among voters and to deflect attention from its emotional communal campaign to build a temple to the Hindu god Ram on a religiously disputed site. The BJP had failed to lits promise to start building the temple.

Meant to symbolise India's unity, the caravan headed by Dr Murli Manohar

Joshi, the BJP president, was to finish its 45-day tour at Srinagar, capital of the state of Kashmir, where the national flag was to be unfurled before a huge gathering. The grand climax did not take place.

A short discussion with Mr G N Saxena, the Kashmiri governor, the day before the planned grand drive forced Mr Joshi to change his plans. Thousands of volunteers were stranded, with only a token group ferried to Srinagar by the Indian Air Force to unfurl the national flag in a 15-minute ceremony. It was exactly this sort of tokenism that Mr Joshi had been deriding. Honours went to the militants seeking

Kashmir autonomy. In spite of an official curfew, gunfire in the Kashmir valley was heard throughout the day. Even the unfurling site was the target of rocket attack. The militants were able to show that they held sway.

The diverse militant groups fighting for independence apparently suspended their differences, if only for the day, although political observers believe this could well lead to more cohesion among the guertilas. The ekta yatra seemed only to strengthen the militants' resolve, and the BJP might now be forced to abandon yatra politics.

Pakistan backs UN peace talks

THE Pakistan government yesterday threw its weight behind UN sponsored talks to end Alghanistan's civil war. a policy switch UN officials say removes a key obstacle to the peace talks. AP reports from Islamabad.

Pakistan,said the Moslem rebels now had to negotiate with their one-time communist foes. The fundamentalist guerrillas, however, have continued

to reject negotiation.
UN officials say Islamabad's change in policy, means peace talks could open in late Febru-ary or early March.

GOVERNOR Bill Clinton of Arksinst was gambling yester day that an extraordinary prime line thevision confession of "wrongdoing" in his marriage has salvaged his campaign for the Democratic presidential nomination.

dential numbration.

During a joint TV appearance with his wife, Hillary, Mr (times admitted his marriage had been rocky, but he denied allegations of a 12-year-long stair with a former Arkansas stair employee, and part-time cabara singer.

Ms. Gennifer Flowers, the employee, was scheduled to hold a news conference in New York, yestenday ha which she was expected to challenge Mr (timen's account by replaying tapes of phone conversations. However, published excerpts of these tapes have so far proved inconclusive, and questions have surfaced about her credibility.

ms rowers, with was paid in her story by a supermarket tabloid newspapers, said she met Mr Clinton in 1979 and 1980 at the Excelsion Hotel in Little Rock, But the hotel did not open until 1982. She also claims to have reported on Mr Clinton while working with a local TV station, but Little

local TV station, but Little Rock's KARK-TV said it could find no tapes to support this.

Mr Clinton, the early front manner for the Democratic nomination, was judged yesterday to have taken a huge gamble by appearing on CBS's programme "Sixty Minutes", which generally attracts more than flux viewers.

Although: his campaign advisers said the sex scandal runners were drowning out the Arkanses governor's mesthe Arkenses governor's mea-

'TS SCIA

media scrutiny just three weeks before the critical New Hampelite primary election.

Mr Glinton, 46, appeared calm and good-humoured throughout the interview. "I have acknowledged causing pain in my marriage, he said. "I have said things to you



Bill Clinton comforts his wife Hillary after lighting equipment fell close to them during the CBS interview

people from the beginning that no American politician ever

But in response to a question on whether he had ever com-mitted adultery, Mr Clinton avoided a clear-cut response. "I'm not prepared to say tonight that any married cou-ple should ever discuss that with anyone but themselves."
He appealed to the US public

for fairness and urged the media to respect his privacy, instead of turning the 1992 campaign into a "game of Big news organisations ini-tially played down or ignored the unsubstantiated allega-

tions, but the story has gained momentum as commentators claim the charges go to the heart of the candidate's charac-

Mr Clinton saw his popularity fall sharply last week among likely Democratic voters in New Hampshire, which holds the first state presidenfrom Bosto

tial primary, Reuter reports In a poll by the American Research Group, based in Man-chester, New Hampshire, which has conducted daily surveys in advance of the February 18 primary, support for Mr Clinton fell 14 percentage points in five days last week. The latest polling data, up to Saturday, put Mr Clinton in second place, with 25 per cent, to Mr Paul Tsongas, a former Massachusetts senator, who

has 27 per cent of voters' sup-

that his treatment and the air-

ing of unsubstantiated allega-tions went to the heart of the

character of the press.

The governor has responded

reveal cuts in weapons production

THE PENTAGON is expected tomorrow to unveil far-reaching plans to scale back produc-tion of new weapons systems, including nuclear warheads, in response to the collapse of the Soviet Union.

The plans are intended to save billions of dollars in military spending, but could face stiff opposition from Congress and US defence contractors. In their most radical form, the plans would halt production of most new weapons systems once a prototype was ready. The aim would be to restrict the Defence Department's costs to research and development - which typi-cally represents about a quar-ter of the cost of an advanced

Big defence contractors argue that this would saddle industry with the cost of research without the security of future earnings through

nass production.

A further objection is that nass production irons out defects in advanced weapons systems, and also helps to sustain the country's defence industrial base.

Congressmen, while generally enthusiastic about cuts in defence spending to pay for domestic programmes, may support this view because of fears of jobs losses in their districts and general concern

over foreign competitors. Separately, the administra-tion is reported ready to amounce a halt in production of the W-88 nuclear warhead. This would fit earlier steps to reduce the US nuclear bomb-building capability in line with cuts in nuclear warheads agreed with the former Soviet Union.

Pentagon to Haiti's junta tries to block Aristide

HAITT'S military rulers are intensifying their efforts to frustrate the return to the country of Mr Jean-Bertrand Aristide, the president who was overthrown and sent into exile last September. They have also prevailed on legislators to delay indefinitely negotiations with the Organisation of American States for Mr Aris-

The military is attempting to prolong the interim govern-ment which it set up after the coup, and wants to organise

In another development, sol-

diers and policemen attacked the office of Mr Rene Theodore, the prime minister-designate at the weekend, killing one of

his bodyguards. The attack, the second on Mr Theodore's offices this month. has raised concerns in the Caribbean state over his safety, while Haitian legislators consider whether to ratify his appointment. Ratification would clear the way for the return of Mr Aristide. The OAS and Mr Aristide have agreed on Mr Theodore as the interim prime minister, but the army has been forcing parliamentar-

ians to delay a decision on his ratification.

day moratorium on negotiations with the OAS, apparently to appease the military. Folring the attack, Mr The said the country was being held hostage by thugs.

"Two things must be clari-fied now, at this moment of deepening crisis," he said after the attack. "We need to know whether the commander-inchief cannot control his troops, and whether parliament will or will not prolong the mandate of the interim government."

The country's military rulers appear emboldened by the limited effect of a trade embargo imposed by the OAS, the Euro pean Community and several countries. A shortage of fuel has been relieved by three shipments since the embargo

was imposed. Mr Joao Baena Soares, secre-tary general of the OAS, said last week: "We must come to the conclusion that it is not possible to implement the embargo." The political stale-mate in the country of 7m has led to a resurgence of refu seeking asylum in the US.

Former world heavyweight boxing champion Mike Tyson arriving in court in Indianapolis yesterday with one of his lawyers for the start of his trial on rape charges. Tyson, 25, denies allegations that he raped an 18-year-old black beauty pageant contestant in a hotel room last July

US business confidence rises sharply

US business confidence rose US business confidence rose sharply in January, reversing a three-month decline, figures indicated yesterday, writes Michael Prowse in Washington. Cahners Economics, a Massachusetts-based consultancy group, said its index rose to 63.2, compared with 56.1 in December. It was the largest increase since the group began tracking business plans last tracking business plans last June, when the index read 62.5. Mr Kermit Baker, Cahners' chief economist, said confi-dence was being revived across the US. "While the trend is uneven, with consumer prod-uct and service sectors lagging, this is the first hard evidence that a recovery in manufactur-ing can begin in early to mid-1992." Managers in the com-puter and electronics industries were the most bullish with four out of five companies surveyed forecasting an upturn in production and sales by the start of the second quarter. But business confidence in

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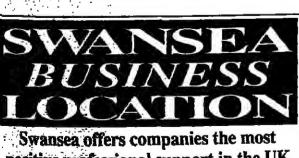
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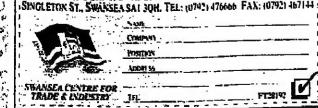
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FT COMMENT **TRAVELS** THE WORLD

IRISH TRADE LINKS WITH THE COMMUNITY

March 6 1992.

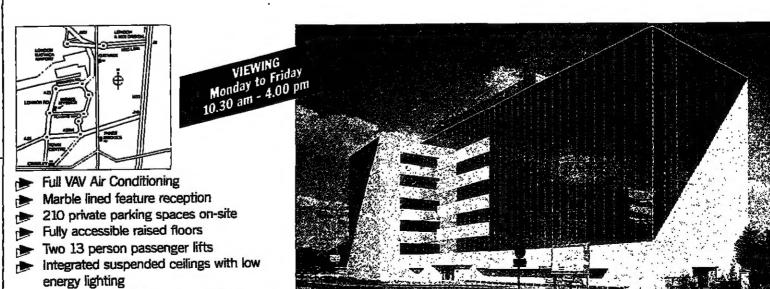
The more pretionmant role of the E.C. will have the greatest impact on Company's business over the next few years. This was the view of 51% of the top chief executives in Europe in 1990 who read the Financial Times.

In Ireland 42% of Senior Businessen / women are FT readers. Information on observing in this survey can be obtained from:

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UK NEWS

UK building Major presents executives fear 50,000 job losses

By Andrew Taylor

A FURTHER 50,000 jobs are likely to be lost this year by the UK construction industry, which expects annual output slump to the lowest level for six years, building industry

executives warned yesterday. Mr John Smith, chairman of the Building Employers Confederation, said at least half of all construction contracts won recently by companies were loss making or had been achieved at zero margin.

The confederation, which has more than 9,000 members, yesterday published its latest workload survey, showing that more than two thirds of build-

ers expect output to fall dur-ing the next 12 months. More than 75 per cent of the 600 companies questioned at the beginning of this year said

the beginning of this year said that they were working at between two thirds and three quarters of capacity.

Mr Smith said the only chink of light in the survey was that slightly fewer compa-nies, on balance, were report-ing a decline in inquiries for work. There was also evidence work. There was also evidence that more companies were undertaking repair and main-tenance work. The situation facing the industry, however,

"remained textibly serious."
The survey will make gloomy reading for Government ministers who may be hoping that an upturn in the housing market will stimulate greater confidence in the econ-omy as a whole.

Mr Smith said that since the new year there had been a sharp increase in interest from would-be house purchasers but that this had still to be turned into firm sales. Even if the upturn was sustained, it would be unlikely to benefit house-builders until the end of the year - such was the large overhang of unsold properties

on the market. The number of construction company liquidations, which last year rose from 5000 to 7000, were likely to remain

The collapse in residential and commercial property sales and values has hit a large number of construction compeculative development dur-

blueprint for better services

THE prime minister yesterday took the general election cam-paign on to territory held traditionally held by the Labour opposition with a pledge to put the improvement of public ser-vices at the heart of his gov-

ernment's programme. Addressing a conference in London, Mr John Major presented an upbeat assessme the progress in implementing the citizen's charter as a "blueprint to deliver higher stan-

dards" in public services. He announced details of two measures to strengthen the charter's drive to improve services: the charter mark, an award for excellence in the public services; and a new telephone helpline — the Charterline — to provide information to the public on the charter.

The Labour party denounced the initiatives as electioneer-ing. Mr Neil Kinnock, the Labour leader, said: "When the government promises better services without better invest-ment they simply show what a confidence trick they are try-ing to pull."

Mr Major told a conference

of senior executives in the pub-lic sector and privatised indus-

tries that although the citizen's charter was only six months old, its effects were building fast. Among the improvements in public service which had ulted were: • guaranteed maximum waiting times for health ser-

vice operations; annual reports for schoolchildren, and league tables of school performance;

more flexible opening hours for tax offices, Jobcentres, and

benefits offices;
• fixed appointment times for gas and electricity officials. "Too often the public are treated as if they were the lucky recipients of a free ser-vice", Mr Major said. He outlined plans to

strengthen the inspection of services such as police, social work and probation by includ-ing "outsiders such as profes-sionals, users, commonsense citizens" in their inspectorates. The prime minister urged

local authorities to seek out ways of helping businesses which find that different authorities apply the same laws in different ways. Analysis, Page 15; Joe Rogaly, Page 15

MANUFACTURING TRADE DEFICIT Exporters shine in economic gloom

74 75 76 77 78 79 80 81 82 83 54 65 86 87 88 89 90 91

By Peter Marsh, Economics Staff

EXPORTERS pushed up sales volumes to record levels in the final quarter of 1991, providing a dose of optimism to counter the gloom caused by the reces-

The good progress of exports showed up in figures released yesterday by the Central Statistical Office (CSO) on the manufacturing trade deficit for 1991. At £3.5bn, that was the smallest annual deficit for eight years, and compared with a deficit of £11.4bn in 1990. A measure of exports often

taken to indicate the underlying trend – which excludes oil, and high-price, erratic items such as ships and gems was up 2½ per cent between
 October and December, compared with the previous quar-

Overseas sales of manufactured goods, which account for about four-fifths of all exports, grew by nearly 3 per cent in 1991 compared with 1990, from 525.8bn to 525.1bn. Manufactured imports fell

sharply, from £94.2bn to £88.6bn, due to slack UK demand caused by the poor economic climate. Car exports in 1991 climbed to £4.1bn from £3.3bn in 1990, while imports were cut to \$5.5hn, from £7.4hn the previous year. That gave a trade deficit for cars of £1.4bn, the lowest figure since 1981. In December, the value of all

merchandise exports was £9.0bn, 2½ per cent up on November, while the value of imports was little changed at 29.6bn. That produced a deficit on merchandise trade last month of £688m, as against a revised £930m deficit for

With the CSO's assumption that invisible trade - services and various financial pay-

surplus in December, the total deficit on the current account last month comes out at £388m. In November, the figure was

showed a differing pattern. While the deficit with Gerwhile the deficit with Germany fell to £3.0bm last year from £6.8bm in 1990, the deficit with the US edged up from £1.4bm to £2.3bm.

In the final quarter of 1991, exporters with the best growth performance included makers of food, drink and tobacco moducts which showed an 11

Manufacturing trade gap narrows

Britain's trade deficit with the rest of the European Community, which accounts for roughly half UK trade, fell particularly sharply in 1991 to \$1.9bn, from £10.9bn in 1990.

Trade with Britain's two biggest overseas business partners with the US edged up from £1.4bn to £2.3bn. In the final quarter of 1991, exporters with the US edged up from £1.4bn to £2.3bn. In the final quarter of 1991, exporters with the US edged up from £1.4bn to £2.3bn. In the final quarter of 1991, exporters with the US edged up from £1.4bn to £2.3bn.

In the final quarter of 1991, exporters with the US edged up from £1.4bn to £2.3bn.

In the final quarter of 1991, exporters with the best growth performance included makers of food, drink and tobacco products which showed an 11 performance included makers of food, drink and tobacco products which showed an 11 per cent increase in volumes on the previous three months.

, dicians Sharp rise in bias cases for Acas

By David Goodhart and

A RECORD number of unfair-dismissal or discrimination cases was referred to Acas, the government conciliation ser-vice, last year. The total was 60,605, an increase of more than 15 per cent on 1990. The figures, which will be published officially in the

published officially in the spring, show the increased readiness of individuals and unions to pursue such cases. They also reflect the depth of the labour shake-out which began gathering pace from the middle of last year.

Acas has a statutory duty to try to concillate between employees and employers before a case goes to an industrial tribunal, and is usually successful in this. Of the 60,605 individual concillation cases referred last year, 36 per cent were estibed at Acas, 32 per cant were withdrawn and only 32 per cent went to tribunals. 32 per cent went to tribunals. The most dramatic percent The most dramatic percentage increase last year was in the area of sex discrimination where, according to Mr Brian Atkins, director in charge of individual conciliation. That was mainly because of a wave of cases influenced by the European Court's Barber judgment, which extended the definition of pay in equal pay cases to include pensions.

Big industrial customers face cut in gas supplies British Gas poised to buy power station in Ulster

By Juliet Sychrava

BRITISH Gas is likely to buy one of the four power stations up for sale in Northern Ireland, the government revealed yes-

british Gas is expected to buy Ballylumford, Northern Ireland's largest power station, which supplies about half the country's electricity.

A partnership between Trac-tebel, the Belgian power con-glomerate, and Associated Energy Supply (ARS), the US

Energy Supply (AES), the US power company, was tipped as likely to buy two more sta-tions, while the fourth may go to a management buyout team. The sale of the stations will

be an important step in the privatisation of Northern Ireland Electricity (NIE), the state-owned electricity genera-

tor and supplier.
Legislation enabling the sale of NIE to proceed is expected to be in place by mid February, after which the new companies replacing NIE will be formally

stations will be sold as individ-ual units, while NIE's electric-ity supply business will be sold to the public in November. AES, which has invested in a

The company's four power

new power station in Kent, and Tractebel are expected to buy the newest station Kilroot and the old Belfast West station. The fourth station, Coolker-ragh, will probably be bought

out by management.

There will initially be no electricity pool or wholesale market in Northern Ireland.

BRITISH GAS, the UK supplier and distributor, faces a severe gas shortage by the mid-1990s which may force it to cut sup-plies to some of its biggest customers, such as imperial Chemical Industries (ICI), which take large amounts of cheap gas, the company said

Mr Cedric Brown, senior managing director, said: "It is inevitable that we will have to withdraw significantly from the interruptible market by 1994-1995". Interruptible cus-tomers get their supply nearly 10p cheaper than other indus-trial consumers, as they agree to be cut off at four hours' notice during peak times. The looming gas shortfall

may cost companies such as ICI and British Steel several

million pounds more in fuel bills a year, as they will have to rely on alternative fuels such as heavy oil or gas oil. Mr Brown said the shortage will arise partly from the amount of gas that is being sold to new power stations. The power generation mar-

ket has grown during three years to half the size of British Gas' entire industrial market of about 10bn therms a year.
"We have been voicing our concerns about the scale of growth in this market and its impact on the rest of the market to the Department of Energy for quite some time," Mr Brown said.

British Gas perceives a shortage of 1.5bn to 2bn therms by 1994. As part of British Gas' deal

with its regulators to aid the development of competition in the industrial market, the com-pany has agreed not to buy any new gas for the next three years. At the same time, it will release part of its existing sup-ply to rivals. Even if British Gas could

contract to buy new supplies, Mr Brown is sceptical that imports from Norway could fill the gap. Norway has little new gas available before the second half of the 1990's and that is at

a price higher than the prevail-ing UK price.

Mr Brown also foresees a substantial rise in price for industrial customers as supplies become tight. At the same time, the company has warned that domestic customers may face price rises when British

sion into a separate company, which it is required to do as part of its agreement concern-ing competition with the regu-"I don't think many of our

Ges hives off its transport divi-

customers realise that service standards could slip when we separate the businesses," Mr Brown said. That was because services relating to the move-ment of gas through the pipe-lines will not be dealt with by the same representatives as those dealing with appliance

British Gas' regulator will soon be releasing figures which show that the number of complaints it received about Brit-ish Gas last year rose by more than 100 per cent to 400 contacts, he added.



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UK NEWS

in his ca **Politicians** postpone negotiations on Ulster

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By Raiph Alkins NORTHERN Ireland's political leaders agreed yesterday to shandon attempts at starting formal negotiations on the

formal negotiations on the province's future until after the general election.

Mr. Peter Brooke, Northern Ireland secretary, aimed to missing recriminations as he put afforts to resume "round table" talks on hold during a so-minute meeting at West-winging with the province's sommute meeting at west-minster with the province's four main political leaders. The announcement may mark the und of Mr Brooke's efforts to reconcile Unionist and metionalist assirations. In

and nationalist aspirations. In said nationalist aspirations. In his two years in the province he has wen rare praise for a Northern Iraland secretary after starting "round table" talks last year, only to see them become bogged down by procedural disputes.

Ministers have felt frustrated that even the increased

trated that even the increased concern about barrorism in the province has failed to generate sufficient political will to overcome the main obstacle to talks—the question of talks—the question of talks—they could continue whether they could continue under a Labour government. Mr Brooke later issued a statement emphasising the great potential of dialogue.

New airline gives Airbus a boost

By Paul Betts, Aerospace Correspondent THE launching of a new UK charter airline yesterday gave the European Airbus consortium an important psychological boost with the new carrier announcing that it would start

operations in May with three A320 twin engine airliners. The advanced highly computerised aircraft has been at the centre of controversy an Air Inter A320 crashed in France last week, killing 87

people.
Mr Bob O'Donnell, the managing director of the new char-ter airline called Excalibur Airways, said that he had no doubts about the integrity of the A320's systems. In two previous crashes, the aircraft, its systems and engines had been cleared and Mr O'Donnell said he expected the aircraft to be exonerated in the latest acci-

dent inquiry.

Investigators are still trying to discover the precise cause of last week's A320 crash, but the French civil aviation authority said an initial examination of the sires. the aircraft's flight recorders had yielded no reason to ground other A320s.

The new airline is the first UK charter carrier to operate the A320 on charter services. British Airways operates 10 A320s on scheduled routes. The new airline has been constituted following a man-agement buy-out of Trans Europe Airways UK, the Brit-ish charter subsidiary of the



Excalibur plans to order the A320 (above) for its services

collapsed TEA Belgian airline. forced to suspend operations
The Belgian airline, one of last September after the the victims of the slump in air demise of its Belgian parent. travel caused by the Gulf war and the economic slowdown, went into bankruptcy last year. Although its UK subsid-lary was profitable, it was Euroworld Airways, the Gat-

wick-based commuter subsid-iary of the Air Europe group, which relaunched operations under new management last year and renamed itself last week Cityflyer Express. The management of the for-mer TEA UK charter airline

have been backed in their buy-out by 3i, the British investment capital group, and Air Malta. Both 3i and the Maltese national airline are taking a 30 per cent stake each in the new Excalibur Airways with the five man former TEA UK

management team investing in the remaining 40 per cent. Mr Albert Mizzi, Air Malta's chairman, said yesterday his airline had been looking for the past two years to invest in another carrier to expand its business. The new charter car-rier expects to start operations in May with two A320s based at London Gatwick and one at Manchester airport.
Mr O'Donnell said the A320

had been selected because it offered a longer range and bigger payload than its competitors. Excalibur is leasing the three A320s worth about £85m from GPA, the Irish aircraft

asing group. Mr O'Donnell would not disclose financial details of the funding of the new carrier but The new airline is the second said that it would operate prof-UK carrier to have been reconitably in its first year. He expected the charter market to continue recovering after fall-

BRITAIN IN



MoD orders inquiry on Gulf shipping

AN investigation is under way into suspected irregularities in the shipping of British troops and equipment to Saudi Arabia during the Gulf campaign, it was disclosed last night.

The Ministry of Defence said documents were seized last month from premises in London and the south-east by MoD police officers.

The documents related to the chartering of ships for Operation Granby – the Brit-ish contribution to forces in the Gulf.
The UK relied on vessels

chartered on the commercial market to move its armoured division with equipment, ammunition and spares. Almost all the ships were non-British flag vessels.

Tories plan private jails

The Conservative election manifesto will commit the government to extending its programme of prison privatisa-tion, according to Mrs Angela Rumbold, Home Office minis-

Britain's first privately managed prison, the Wolds remand prison at Everthorpe, Humberside, is due to open in April, while a tender competition has been announced for Blakenhurst local prison near Red-ditch, Hereford and Worcester.

Travel agency threatens rival

Pickfords Travel is threatening Lunn Poly, the UK's largest chain of travel agents, with legal action over the latter's refusal to carry holiday brochures of seven tour operators who are offering discounts through Pickfords' shops.

Pickfords said if Lunn Poly does not agree to carry the brochures by mid-day today it

will take legal action. The threat follows an instruction by Lunn Poly to its shops on January 23 telling them to take the brochures of the seven operators off their racks and replace them with holiday information from other companies. The operators concerned are The Club. French Life, Jetsave, Meon, Novotours, Seasun and Sunset.

Freight park for PowerGen

PowerGen, the electricity generator plans to turn the site of an old coal-fired power station into a £350m freight park, the company announced last week. The station, Hams Hall in Coleshill, central England is still active, but is due to close towards the end of the year, as part of the company's strategy of replacing old coal stations

with new gas plant.
The freight park, which will include a link to the Channel Tunnel, would handle more than a million tonnes of freight

Water pollution reports double

Reports of water pollution incidents in England and Wales more than doubled in number during the 1980s, according to the National Rivers Authority (NRA).

The NRA's first compilation

of annual statistics yesterday showed that there were 28,143 reports in 1990, up from 12,600 in 1981. The biggest increase came in the Northumbria region where reports rose 57 per cent between 1988 and

The NRA warned that the lack of early data made trends hard to assess, but it said that there was no question that the number of reports had risen.

Tobacco ban 'to cut smoking'

Banning tobacco advertising in the UK could mean 50,000 fewer 13-15 year old smokers within five years, according to the anti-smoking lobby group Action on Smoking and Health

ASH's figures derived from extrapolations of government research conducted in Norway. which banned tobacco advertising in 1975. ASH also made UK projec-

tions based on government research in New Zealand, where tobacco advertising has been prohibited since mid-December 1990, It argued that if the UK followed a similar pattern to that of New Zealand then cigarette sales could fall by 9bn in the first six months after an advertising ban.

SFO challenges court ruling

The Serious Fraud Office is to challenge a High Court judge's ruling that it cannot see the transcript of an examination of Mr Muhammad Naviede, head of Arrows, the Cheshire-based trade finance company that was compulsorily

wound-up in December. The SFO has charged Mr Naviede with obtaining £10m by deception from NMB Postnk, a Netherlands company. The criminal proceedings before City of London magistrates court were adjourned last week until June 15.

The ruling was obtained by the liquidators of Arrows Mr Scott Martin and Mr Nigel Hamilton, of Ernst & Young -after they had been granted an order under section 236 of the Insolvency Act requiring Mr Naviede to attend for examina-

People launches **Asian edition**

The People newspaper yester-day sold an estimated 20,000 copies of its new Asian Edition aimed at the Asian community in Britain.

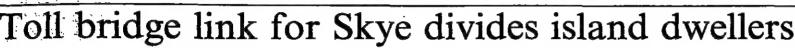
The popular Sunday tabloid is the first national newspaper to produce a separate edition for the more than 1m people of Asian origin in the UK

The front page headline in yesterday's Asian edition the second issue - told how: Bloodbath Fears Halt Hindu Unity March."

Chocaholics keep munching

Recession may have caused millions of British consumers to postpone moving house, opt for cheaper cuts of meat and shelve plans to buy new living room curtains. But they are tucking into chocolates and sweets as never before.

Britons last year munched 807,000 tonnes of chocolate and sugar confectionery, or 269 grams per week for every man, woman and child in the



By James Buxton, Scottish Correspondent

THE controversial plan to spect a privately-funded toll bridge over the sea to the isle of Skyr in the west Highlands of Southern is to be tested at a this inquiry which begins

Many local people reject the principle of a toll bridge on a route which offers no easy alternative and they oppose the formula for setting tolls. Others object to the design the concrete box girder bridge. Some oppose the con-struction of a bridge altogether

and would prefer to keep the Caledonian MacBrayne ferries which began operating a 24hour service last year.
Last month the Scottish
Office signed contracts with a joint venture by Miller Group, the Edinburgh-based construc-tion company, and Dywidag of

A vision exciting disagreement: the plans for Skye's bridge have drawn criticism in principle and in detail Germany. The consortium will build the bridge and have a concession to charge tolls for up to 27 years. The bridge should pay for itself in about

15 years.
The bridge will cost about £25m, of which £8m will be paid by the Scottish Office for the approach roads. It will be the first privately financed toll

bridge in Scotland.

The inquiry, which is to be held in Kyle of Lochalsh on the mainland side of the crossing, will consider nearly 200 objec-tions and may take three

Miss Elizabeth Haran, the Scottish Office reporter to the inquiry, may in theory recommend against the plan for the bridge. However, the contrac-tors hope to start work in April

for completion in early 1995.

Many of the 9,000 people on Skye want a bridge, believing it will benefit the island's tourist industry. A minority of the inhabitants of Skye, including many incomers who have moved there from England, believe that extra tourists will ruin the island and want to preserve its separateness from the mainland.

FINANCIAL TIMES

for Scotland which owns part of the land which the bridge and its approach roads will cross agreed with the Scottish Office on modifications to the bridge which will add £1.3m to its cost. Some Trust officials had favoured a more spectacu-lar but expensive bridge of the cable stay type but that objection was dropped.

Recently the National Trust



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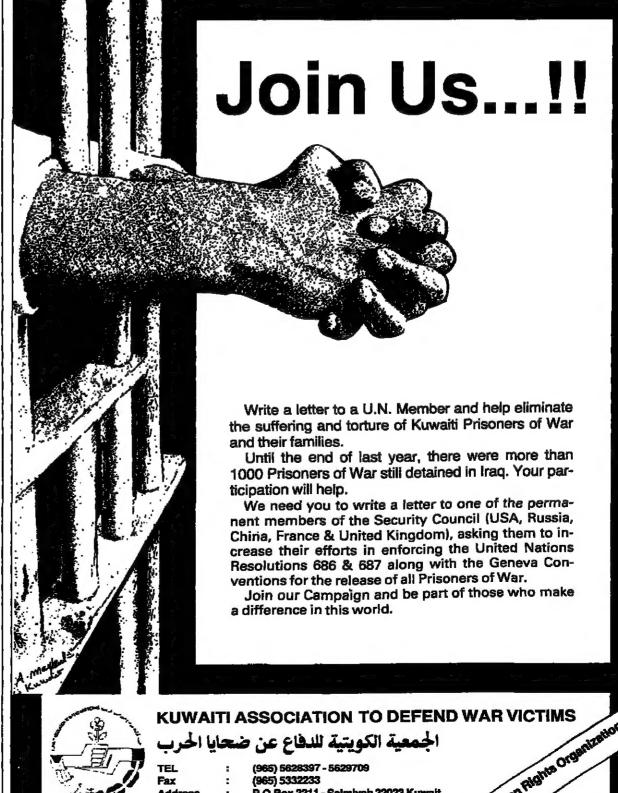
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MANAGEMENT: The Growing Business



3 ayes have it

Britain's small firms should be queuing up to raise venture capital. Their bankers are reluctant to lend and their balance sheets need a boost. In fact the venture capital industry appears to be struggling to attract new custom-

ers:

3i, the largest UK venture capital group and frequently a bellwether for the industry, yesterday announced plans to target companies in the London area with the launch of a £75m Greater London

Growth Fund.
It expects to help 150 companies with sums of between £100,000 and £5m over the next two years. Many growing companies are unaware that long-term investment finance is available because of the venture capital industry's emphasis on management buy-outs and the larger deals, 3i said.

The grand plan

A course aimed at helping managing directors and chief executives of companies in the £5m-£25m turnover range to develop and implement a strategic plan is to be held at Manchester Business School starting next March.

School starting next March.
The course, Fostering
Advanced Management Excellence, consists of 124 hours
apread over nine months and
will involve business school
staff helping chief executives
and their boards of directors
implement the plans they

have produced. Contact Geoff Burton, MBS, Tel 061 275 6537. Fee £8,000. Up to nine places are avail-

Fund of knowledge

A £3m seed capital fund has been launched to provide high-technology businesses based on the Oxford Science Park with funds to develop new products.

The NatWest Oxford Sci-

The NatWest Oxford Science Park Seedcorn Fund has the backing of the bank's technology unit which will provide technology specialists to appraise projects seeking finance.

Small firms get clubbed to death

Charles Batchelor considers whether another business network is really necessary

This plan has not met with unbounded enthusiasm from some of the existing organisations in this field. The chambers of commerce, which are to beef up their own national network, have reacted cautiously and are "watching" develop-

oes Britain need yet another network of business organisations to advise and

comfort its struggling small firms community? Tom Moffat, the energetic chairman of the Durham Small Business Club,*

Moffat last week launched a plan for a nationwide network of professionally managed,

commercially run small business clubs. He hopes to have 20

member clubs by start-up date

on April 1 but he is prepared to

Clubs Nationwide is based on

the model of the Durham club. Established 11 years ago it now

has 400 members, a staff of 20 and turnover in its last year of

There are already several hundred business clubs dotted around the country but most

are voluntary, part-time organ-

isations dependent on the enthusiasm and spare time of

their managing committees. Some have the backing of local professional firms. Grant

Thornton, a medium-sized firm of accountants, supports 16 business clubs. But most of the local clubs wax and wane depending on the level of ama-

teur, local support.

Moffat's plan is to put in
place a more professionally
organised group of clubs which
can pay their own way by pro-

viding advice and training services to small firms. They

would employ full-time staff

and would not be subject to the

pressures on voluntary organi-

Subject to app

The idea for Small Business

go ahead with a dozen.

nearly £1.2m.

is convinced it does.

ments, says Moffat.

The chambers currently have problems enough bringing their own organisation into the 1990s and establishing a working relationship with the newly formed Training and Enterprise Councils (TECs) without an additional challenge from an aggressive business club movement.

Moffat, who runs a publishing and printing business employing eight people, believes many small firms find the chambers too formal or too expensive to meet their needs. "Mrs Cannybody making cuddly toys is not catered for," says Moffat, But the club network he envisages is not just intended to provide a home for the micro-business. Moffat sees their role as providing vital support for the 96 per cant of

growing businesses employing fewer than 20 people.

He envisages the clubs ultimately forming part of a threetier support network with start-ups helped by the enterprise agencies, smaller established businesses belonging to a club and larger businesses

a club and larger businesses belonging to a club and larger businesses belonging to a chamber.

The chambers reject Moffat's charge that they do not meet the needs of the smaller business. "Well over 70 per cent of our membership employ fewer than 50 people," says Ronnie Jacobson, marketing manager at the London Chamber of Commerce.

The London chamber

charges a minimum annual subscription of £295 compared with the £30£35 Moffat envisages for businesses which belong to a club in his organisation. But Jacobson says this fee represents good value for money for the chamber's range of services, including a library, help with exports and trade.

The Moffat plan would involve founder member clubs

paying £2,500 for a sharehold-

their area.

The idea for a national network received a mixed response from more than 70 representatives of small business organisations at meetings held in London and Durham last week. About 25 participants said they were interested in the idea in principle.

ing in Small Business Clubs

Nationwide plc. Twenty mem-

bers are needed to raise the

£50,000 start-up capital required to obtain plc status.

The organisation could start on

an unincorporated basis with

fewer members. Member clubs

would also pay £5 a year for each business member to the central organisation. In return they would share in any prof-

its. Moffat believes the idea will appeal to councils, univer-

sities and colleges, TECs cham-

bers of commerce and banks or

accountants keen to foster

small business networks in

in the idea in principle.

Mike Duckett, business enterprise manager of Shropshire TEC, said he could see few benefits for the end user — the small business — from the

Boxing clever: Tom Moffat le trying to start up a nationwide network

creation of a nationwide network. Shropshire TEC sees its priority as supporting the six business clubs set up in the county by providing backing to the start-up businesses which

are club members.

Letchworth Business Club, a voluntary organisation with nearly 400 members, was also not convinced that there were sufficient benefits from a nationwide scheme. Regional groupings of clubs might be more appropriate and respond to the local preoccupations of many small firms, said Philip

Harkness, chairman.

Moffat's plan is ambitious and runs counter to recent trends in small business thinking which have favoured a simplification of the small business support network. Too many competing organisations merely confuse small business

many competing organisations merely confuse small business owners, this argument goes. But Moffat, an electrical engineer by training, is a determined man. He likes to cite the parallel of Durham County Cricket club, for which he once played and of which he is now a director.

Apart from local enthusiasts few people gave much chance of Durham, for its 168 years a minor cricketing county, winning promotion to the first-class county league. But a carefully managed campaign in which Moffat was involved saw Durham win acceptance to first-class cricket in 1990 and its first match at the top level against Lancashire next April, "People said that was an impossible dream too," he says.

"West Palton House, West Pelson, Co. Durham, DH9 68G. Tel. 691 370 2266.

quickly for the purposes of the audit and then recalculate the

numbers more carefully for tax

purposes.

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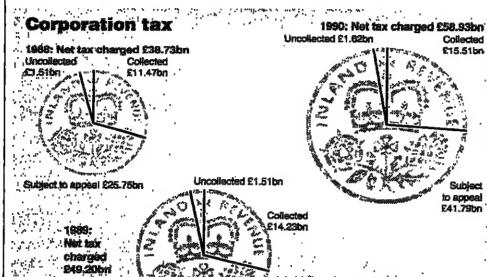
after your year end; so you can plan your tax strategy.

o Over the next four months complete the collection of information and finalise your strategy in time to pay the tax by the nine-month deadline.

• Complete your calculations

and file your computation with the taxman by the 12-month

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The most significant change in decades to the way UK companies pay tax will take place next year when the Inland Revenue introduces the Pay and File system for assessing and collecting corporation tax.

The likely starting date for the new system is September 30, which may appear a long way off but companies should start preparing now.

start preparing now.

Pay and File will have tighter time constraints than the present system, and will be accompanied by costly fines, according to Paul Morris, senior tax partner at accountants BDO Binder Hamlyn.

Under the new system com-

tants BDO Binder Hamlyn.

Under the new system companies must pay their estimated tax within nine months of the end of the accounting period and file returns within 12 months of that date. There

will be no scope to defer settlement, as now, and there will be no need to wait for the inspector's assessment.

The penalties start modestly but for tax returns which are between six and 12 months late the penalty is £200 and 10 per cent of the unpaid tax. Returns which are more than 12 months late will incur a higher penalty still. There is no need for the Revenue to prove fraud or negligence.

Since few companies will know their exact liability for tax nine months after the end of the accounting period the Revenue will charge interest on underpayments and pay interest on overpayments. The new scheme should reduce the large sums which the taxman is a present unable to collect because the company has appealed.

Subsidiaries of larger groups will be able to set their tax liability against losses made elsewhere within the group. Claims against tax must be made within two years of the end of the claiming company's accounting period or before its tax liabilities have been agreed, if this is later.

Companies most likely to be adversely affected by these changes are those which are poor at collecting tax information or which require a great deal of manual effort to get their numbers together.

their numbers together.

Companies should start preparing now to upgrade their systems to take account of the new tax regime, says Paul James, a director of BDO Consulting. He recommends:

Do your tax calculations

once only. At present many companies do their sums

Useful reading: Pay and File Special Briefing 13. BDO Tel. 071 489 6074. Three pages; Free. Pay and File by Ned Wilsher. Butterwarths, 172 pages; 225.95.

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COMPANY

·ership)

N.J. Vooght and J.M. Iredale, the Joint Administrative Receivers of the above companies offer the businesses and assets of each for sale as going concerns.

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A man of mystic symbolism

William Packer reviews Alan Davie

t well past his 71st, the celebration of Alan Davie's 70th birthday is more than a little overdue, but none the less welcome for that. He is one of the most distinguished and algnificant of painters to emerge in Britain since the War, perhaps Scotland's outstanding artist of the period. In the late 1940s especially, and through the 1950s, he was as potential force as any, as conspicuous as as force as any, as conspicuous as Bacon and Sutherland and yet quite alone in his commitment to symbolic,

alone in his commitment to symbolic, expressionist abstraction. We might well wonder, therefore, why this show does not command the Tate; and if not the Tate, why not the National Gallery of Modern Art at Edinburgh, where it was first mooted and then abruptly cancelled. Edinburgh, where he studied and, for him, a city as long personal association as Glasgow is short. Yet all has come right in the end, for nowhere but in Glasgow, close by short. Yet all has come right in the end, for nowhere but in Glasgow, close by Macintosh's art school where his father taught just round the corner into Sauchiehall Street, are there galleries at once so handsome and spacious enough to do justice to his full life's work.

to do justice to his full life's work.

So Davie's Solo fills the splendid McLellan Galleries until March 22 (then a gap until Bristol in September). There are several pendant shows: in Glasgow, of mixed works, at The Compass Gallery (West Regent Street, through February); and, to be fair, in Edinburgh, of Works on Paper 1959-91 at the Talbot Rice Gallery (until February 22: a British Comeil initiative which tours first to Aberdeen and then extensively to Aberdeen and then extensively around South America), and Tapestries and Prints at Edinburgh Weavers (until

February 29). He has always shown extensively abroad, most especially in South America; but in London, had it not been for regular exhibitions with Gimpel Fils, his dealers since 1960, we should have seen little of him. As for our public institutions, mixed shows apart, South West Axts gave him a provincial tour in 1978, the Royal Scottish Gallery a retrospective at the Ediphyah Pertirol of specifies at the Edinburgh Festival of 1972. The British Council showed him in Delhi in 1971, the Graves in Sheffield in 1965. In London the last such show was at the Camden Arts Centre in 1971, before that a touring retrospective that came to the Whitechapel in 1959. Can such indifference have been a mere chance of fashion, a case of a face



'Serpent Swallows the Fairy Tree', 1971, by Alan Davie, at the McLellan Galleries, Glasgow

not fitting, a body of work suddenly rendered as invisible as the jazz, of which Davie has always been as devoted a practitioner as he is a painter, was suddenly inaudible in the cool and raucous, rocking 1960s? Yes, it can. Davie, like so many prolific and romantic artists, has over-produced uncritically in his time, and gone through periods of uncertainty and even failure in his work. Yet good artists are not always the best self-editors, and a certain approximate of schlour and a certain unneveness of achievement is hardly surprising in a career now little short of 50 years.

The truth would seem to be that Davis had the temerity not merely to stick to a manner, abstract expression-ist, that the received wisdom held to be both out-moded and imitative, but con-tinued with its evolution towards a specifically symbolic, ultimately figurative imagery. If it is hard to categorise - i.e., if it does not fit - leave it out. We have only to walk through this large, splen-did show to realise how narrowly mis-taken is such a view.

The earlier work, up to about 1960, is consistently extraordinary and enough to confirm Davie's importance had there been nothing to follow. Then come two decades of transition, some-times tentative, awkward, sometimes

sure enough; and at last, in more recent years, work again of such assurance and resolution that, its eccentricity notwithstanding, it both validates and is

walidated by all that has gone before.
He has always been a mystic and a
symbolist, intrigued by sign and totem,
ever drawn into the attempt at sustaining a kind of visual incantation. Instinctively pantheistic and general in his imaginative references and associations, he began obviously enough, close to the romantic expressionism of Chagall and Rouault. By the late 1940s, however, he had abandoned overt figuration, and while his friendship with Percey Characteristics. Peggy Guggenheim in Venice had exposed him to the earlier phases of American abstract expressionism, Pollock especially, he remained firmly European in his sensibility, never per-suaded that the surface, the paint, the

mark of itself were ever enough.

Although his own personal and visionary heraldry for a while was subsumed in the rich paint, the broading, atmospheric colour and the broad, freely calligraphic handling – all quite as accomplished as anything of the Americans of the time – it was never dispensed with altogether. Indeed, it remained perhaps the more potent in its imaginative charge for being the

more ambiguous, generalised and unspecific. Not by the titles alone, of his paintings of the 1950s, the Witches' Sabbaths, the sundry creations, martyrdoms and initiations, do the black paintings of Goya come to mind.

After 1960, even more so after 1970, the colour clears and brightens and becomes flatter. The pictorial space is now more clearly established, a curious shallow, somewhat theatrical space or room animated by a strange menagerie of symbols – a kind of free-floating still-life of moon, snake and wheel, stripe and chevron. The imaginative source is avowedly Celtic, Pictish, a conscious evocation of unknowable magic and ancient principle.

And slowly, as it clarifies and becomes specific, so the figuration in the most recent paintings shifts towards the acknowledged mysticism of the Buddhist and the Hindu, drawn upon the mannered imaginary land-scapes and gardens of Mughal minia-tures and carpets. The later water-col-ours are especially strong and beautiful in holding both to the open, general influence and reference, and the personal integrity. From the pagan Celtic to the mystical Hindu may seem a strange odvssey, but it is all one.

The London Vertigo

ANDREW'S LANE THEATRE, DUBLIN

What, I wondered anxiously, is Ireland's leading dramatist up to, adapting an obscure 18th century farce? Do we really need wigs and coxcombs and cuckolds at a time like this?

It took only a few minutes - up to the moment when John Hurt enters in a preposter-

ous wig as the outrageously-affected coxcomb-to dispel all doubts. Brian Friel has cut a bad three-act play down to a very good one-act play lasting 50 minutes. But why? At first the answer seems to be quite simply that he is having fun. And why not? The actors enjoyed themselves, too, and so did the audience, many reduced to tears of laughter.

The London Vertigo is based on a play by the Irish actor and playwright, Cathal MacLoch-lainn, alias Charles Macklin, which was warmly received by Dublin audiences but closed after one disastrous night in London. Born in the 1690s in a remote part of Donegal as an Insh-speaking Catholic peasant, MacLochlainn learnt to speak English with an English accent. changed religion and invented a wealthy, landed background. They loved him in London, where he was a friend of Garrick and Fielding and his Shylock was praised by Pope.

The play concerns a less successful effort at changing identity. Murrough O'Doherty's wife is inflicted with London vertigo on returning from a visit to that city, her rengand home!

a visit to that city, has re-named herself Mrs Diggerty, affects an English accent, covets an English title and is about to cuckold O'Doherty with an English coxcomb, Count Mushroom. The plot concerns O'Doherty's efforts to cure his wife and humiliate the coxcomb, a highly-suc-cessful endeavour in which he is helped by his

brother-in-law and a maidservant,

The production, by the Gate Theatre, is playing twice nightly in the 220-scater Andrew's Lane while the Gate is being refurbished. The classical set, by Monica Frawley, makes good use of the tiny stage and the director, Judy Friel, expands it further by judicious use of "voices off". We hear John Hurt before he enters in an amazing beehive wig which meets its match only in Mrs Diggerty's monstrous confec-tion. Gemma Craven's fluting voice is wonderfully suited to the contortions of Mrs B's more-English-than-the-English accent and slides effortlessly into the vernacular on demand. Hurt and Craven are an inspired comic duo. The sight of Count Mushroom, disguised as a laundrywoman attempting to seduce Mrs B, is funnier, I am sure, than anything in the panto across the road. They are ably supported by John Kavanagh as the scheming husband, Eamon Morrissey as his bovine brother-in-law, and Antoine Byrne

as the comely serving-wench.

But, in the end, the star of the evening is
Friel's adaptation. His convoluted use of asides
adds another dimension to the proceedings and recalls an earlier success, *Philadelphia*, *Here I Come*. And, inevitably, once the laughing has stopped, one realises that Friel is not simply having fun but is making another contribution to the age-old, unresolved debate about the difference between English and Irish identity. Here it is the Irish who triumph and perhaps that is why the original was such a flop in London. This version will, I am sure, travel better.

Alannah Hopkin

The Shadow of a Gunman

LEICESTER HAVMARKET STUDIO

The recent bombing in Co Tyrone has given a sad, topical edge to Sean O'Casey's 1923 The Shadow of a Gunman at Leicester. The production carries its topicality with great tact; it makes the play's issues current yet preserves the historical moment which O'Casey recorded. O'Casey based this play, originally On The Run, around a series of raids on republican "safe houses" in north Dublin over the Easter weekend, 1921. O'Casey had links with the IRA through his secretaryship of one of its constituents, the Irish Citizen Army; and since 1920 the IRA had been conducting insurgency operations. O'Casey was staying in a dilapidated Georgian house raided by British forces; he was unfouched, but another tenant was taken away under suspicion of manufacturing bombs.

under suspicion of manufacturing bombs.
That real life incident survives in Shadow: a
poet and a travelling salesman share a room in
a republican tenement; other inmates drift in and develop the nationalist cause from various positions: labourers, landlords and shoppirls. The house is raided, and explosives found in a

girl's room.

What emerges is a play about how people make political belief intimate with their lives, about degrees of activism. O'Casey jokes coolly, bringing the troubles back home: "a land mine exploding under your bed is the only thing that would lift you out of it." Elsewhere the play's tone alters to a resigned shrug at the state of Ireland: "After a bit, a gunman throws a bomb as carelessly as a schoolboy throws a snowball."

Shadou has the excitement of Conrad's Secret Agent and the tenderness of Joyce's Dubliners, Paul Kerryson's scrupulous direction meets the technical demands levied by O'Casey's stag-ing notes: the poet "bears upon his body the marks of the struggle for existence and the efforts towards self expression" and is well interpreted by John McCormack. Russell Dixon as the salesman, all blarney and belief, turns in a natural, easy performance, as does Angela Clerkin as a lovestruck girl willing to hide explosives in her room. Denis Quilligan is a model of unvarnished respectability as a wor-ried tenant appealing to the IRA to resolve a

The set follows O'Casey to the letter, creating a decayed room with collapsible beds; but Charles Cusick-Smith's design successfully incorporates a bright mural in a rural idyll spattered with blood.

Shadow of a Gunman closed after three nights at The Abbey Theatre, Dublin in 1923. The first night box office was 13. The Irish Times wanted less tragedy and more satire from the play to increase its longevity. But 70-odd years on, its plain disillusionment has assumed an aspect of inevitability: "I believe in the freedom of Ireland, and that England has no right to be here, but I draw the line when I hear the gunmen blowin' about dying for the people, when it's the people that are dyin' for the gunmen".

Andrew St George

Simply Red

WINDLEY ARENA

You hardly ever come across a pop concert that is as near as dammit perfect. So many things can irritate - the star may have the personality of an nsurance salesman; the band may be plugging an album reflecting a change in artistic direction; the venue may be awful and the audience repellent. But Simply Red are currently passing through their Golden Age, or perhaps their Platinum Period, given that their latest album Stars is out-selling Michael Jackson, Queen, the lot. Catch Simply Red on tour and restore your faith in

pop music. My irrational dislike of Mick Hucknall, who fronts the band and controls it with the authority of a Spanish traffic cop, an irrationality based on his political posturing; his use of other people's songs - "Money's too tight to mensongs - "Money's too tight to men-tion", "If you don't know me by now" - for the hand's hits; and a hair style best suited to Medusa, melted within minutes. He really has a most bewitching voice, as strong as it is pure, as tingly in the higher reaches as it is funky in the lower. He has also written for Stors a batch of classic songs, which could have stepped out of a lost late Beatles album, but updated with the soul strains of the 1970s.

And, just to make the cup overflow, he wears a naity suit and a controlling hair band, at least for the first half, and

his current love affair is with the Euro pean Community (he boasts the EC emblem as a tattoo) which makes his "message", concentrated in the song "Wonderland", so bland as to be accept

Simply Red, or rather Hucknall delivers the perfect pop video live. There is a touch of gimmickry for old times sake - the inevitable slides of Mrs Thatcher; a restrained fountain of fireworks for the encore, the insidious "Something's got me started" – but the overwhelming impact comes from the

Hucknall is the boss but he has hand-picked a superb band which he sllows plenty of rope. Gots, from Japan, is about the only drummer I remember actually watching in happy amazement, while Heitor T.P from Brazil proves you can be a guitar giant and not be flash. Hucknall hardly speaks, but the music pours from him in a well balanced flow, mainly slow songs in the first half than a new toward the state of the first half then a non stop boogle after the interval. Perhaps it lacks a bit of good honest sweat, perhaps it is as bit too carefully contrived, son-of-Flee-twood Mac music for the happy masses rather than meat for the discerning few, but anyone craving a fix of escapist pop

Antony Thorncroft

New World Symphony

BARSICAN HALL/RADIO 3

Not the Dvořák, but a young Miami-based orchestra – "America's musical academy" – inaugurated four years ago by the LSO's conductor Michael Tilson Thomas: it employs outstanding players who have completed their studies, but haven't yet joined full-time orchestras. They appeared at the Barbinately I chose the wrong concert, the second, for the sake of the advertised Of Men and Mountains by Carl Ruggles (ruggedly original, almost unknown in Britain). They didn't play it, but replaced it with Copland's Billy the Kid suite: thin stuff, in all conscience, and not much of a musical exercise for the

It was entertaining to hear, with its gun-battle for percussion near the end. So was Gershwin's Second Rhapsody, which was a showcase for Tilson Thomas as solo planist (hard, brilliant, unrelaxed); the New World players got to show off their big-band skills. But again, this is little more than bottomdrawer Gershwin, for all its feverish glitter; and by the interval, all we had learned about the orchestra was that they are keen and highly proficient, and that their current first trumpet is quite

The serious challenge, and indeed a daunting one, came with the Fourth Symphony of Charles Ives, in which the London Philharmonic Choir joined. It is a dense, recklessly inventive work from 1916: plenty of familiar Ives devices the hymn-tunes, the distorted town bands, the suspended Impressionism — but used on a grand scale, heedless of per-forming difficulties, and to almost supra-musical ends. Certainly it is as much epic music-theatre as music, for supplies its main drift, in towering waves of sound and fragile, momentary bubbles. Eddying around it, however, are any number of vivid, disparate musical ideas, which need to be brought sharply to life if the score is to

When I came home and found that the delayed Radio 3 relay was still going on, I discovered how expertly Tilson Thomas had differentiated Ives' strands, with ready responses from his players, and how well he directed them forward. That had been harder to tell at the Barbican. The second and fourth movements of this symphony pile lines upon lines upon lines, usually fortissimo; in the bright, up-front acoustic of this hall, they soon clotted into indeter-minate roars. For home listeners, the BBC engineers and their many micro-phones sorted that out very well. On the spot, we were impressed but blankly overwhelmed.



David Murray | John McCormack as the poet

INTERNATIONAL TODAY'S EVENTS

AMSTERDAM

Concertgebour 20.15 Tamas Gal conducts the Budapest Symphony Orchestra in misic by Kodaly. Brahms and Bartok, in the Kleine Zasi: Shostakovich Trio plays plano trios by Smetana and Dvorak. Tomorrow and Thurs: Riccardo Chally conducts Schoenberg and Bruckner (6718.345) Muziektheaser 20.00 Louis Langrée conducts Offenbach's Les brigands, also tomorrow. Thurs: Die Frau ohne Schatten: Fri: Nederlands Dans Theater (6255 455/credit card bookings 6211 211)

ANTWERP

De Visames Opera 20.00 Eigar Howarth conducts Tom Calms' Opera North production of Tippett's King Priam, with a cast led by David Pittman-Jennings, Susan Bullock, Linda McLeed and John Graham-Hall. Repeated on Thurs and Sal (233 6685)

BARCELONA

Gran Teatre del Liceu 21.00 Mark Ermler conducts Gilbert Defio's production of Tchalkovsky's Pique Dame, with a cast including Sprgey

Leiferkus, Jan Blinkhof, Natalia Romanova, Leonie Rysanek and Claire Powell. Repeated on Fri

(412 1466) Teatre Municipal Girona 22.00 Albert Argudo conducts the Orquestra Simfonica Del Valles in a programme including Mozart's Symphony No 41 and Beethoven's Seventh (972-201133). Thurs in Palau de la Musica: Ivo Pogorelich, Fri. Sat. Sun: concerts by Barcelona City Orchestra (268 1000)

BONN

Oper 20.00 Dennis Russell Davies conducts Jean-Claude Riber's production of Die Zauberflöte, with a cast including Matthias Hölle. Deon van der Walt and Barbara

Bonney. Tomorrow: Ronald Hynd's ballet Resalinde, music by Johann Strauss. Thurs and Sun: Peter Schneider conducts Willy Decker's production of Orieo ed Euridice

DRESDEN

Semperoper 18.00 Friedemann Layer conducts Lulu, also Fri.
Tomorrow: Cost fan tutte. Thurs: ballet triple bill. Sat: Fidelio. Sun: Amold Ostman conducts Cenerentola, with Kathleen Kuhlmann (4842 731).

Sat and Sun in Kulturpalast: Theo Adam sings Frank Martin's Six Monologues from Jedermann, with the Dresden Philharmonic Orchestra conducted by Jörg-Peter Weigle (4866 306)

FRANKFURT

English Theater Kalserstrasse 20.00 Willy Russell's musical play Blood Brothers. Daily except Mon till Feb 29 (2423 1620)

■ GENOA

Teatro Carlo Felice 20.30 Roberto Abbado conducts John Copley's production of La bohème. Also Fri, Sat and Sun (589329)

LONDON

Royal Festival Hall 19.30 Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra in Delius' On Hearing the First Cuckoo in Spring, Sibelius' Violin Concerto with Midori and Vaughan Williams Fifth Symphony. Ashkenazy conducts an alternative programme on Fri. Tomorrow: Young Musicians Symphony Orchestra. Thurs: Franz Welser-Most conducts the LPO (071-928 8800) Queen Elizabeth Hall 19.45 John

Eliot Gardiner conducts the Orchestre Revolutionnaire et Romantique in a programme of French choral music including Fauré's Requiem, with Catherine Bott, Gilles Cachemaille and the Monteverdi Choir, Tomorrow: Academy of St Martin in the Fields (071-928 8800) Barbican 19.45 Christopher Adey

conducts the London Schools Symphony Orchestra in Martinu's Third Symphony, Janacek's Sintonietta, and works for violin and orchestra by Vaughan Williams and Howells, with Lorraine McAsian, Thurs: Maria Ewing sings Strauss' Four Last Songs (071-638 8891)

Covent Garden 19.30 Peter Wright's Royal Ballet production of Giselle, with Sylvie Guillem. Tomorrow: Cost fan tutte. Fri and Sat: La fille mal gardée (071-240 1066)

Collseum 19.30 James Holmes Conducts Richard Jones' ENO production of Die Fledermaus, also Sat. Tomorrow and Fri; Xerxee. Thurs: first night of David Pountney's new production of Humperdinck's Königskinder (071-836 3161)

MUNICH Philharmonie 20.00 Georg Soft

conducts the Bavarian Radio Symphony Orchestra In Mendelssohn's Italian Symphony and Shostakovich's Tenth (558080). Tomorrow, Thurs and Sat Sergiu Celibidache conducts Wagner and Bruckner (48098 614) Staatsoper 19.30 Hansel and Gretel. Tomorrow: ballet triple bill, with chareographies by Ohad Naharin and others. Fri and Sat John Cranko's Taming of the Shrew. Sun: first night of new production of Il trovatore. conducted by Giuseppe Sinopoli and staged by Luca Ronconi

Gärtnerplatztheater 19.30 Hansel and Gretel. Tomorrow: Fiddler on the Roof. Thurs: Le nozze di Figaro. Fri: Entführung (201 6767) A selection of theatre and concert tickets is available at Konzertkasse Beck on the fourth floor of the Beck department store

■ PARIS

Palais Garnier 19.30 Reinhard Goebel directs Musica Antiqua of Cologne in music by members of the Bach family. Tomorrow: Ballet de Marsellie in Sleeping Beauty (4017 3535) Théâtre des Champs-Elysées 20.30 Katia Ricciarelli and Alessandro

Safina, accompanied by Vincenzo Scalera, sing aries and duets by Verdi, Donizetti, Cilea, Puccini and others. Tomorrow: Yo-Yo Ma and friends play Brahms chamber

music (4720 3637) Charelet 20.30 Armin Jordan conducts the Ensemble Orchestral de Paris in Dutilleux's Mystère de l'instant, Ravel's Mother Goose and Britten's Serenade for tenor. horn and strings, with Robert Tear

(4025 2640) Opéra Comique 19.30 William Christie conducts Les Arts Florissants in Jean-Marie Villégier's production of Lully's Atys. Also tomorrow, Fri and Sat (4295 8883)

■ WASHINGTON Kennedy Center Opera House Tonight at 20.00, Pacific Northwes

Ballet opens a week of performances with the world premiere of Lar Lubovich's American Gesture. Other repertory includes Balanchine's Rubies and A Midsummer Night's Dream, plus Bournonville Variations. Dally till Sun (416 4600) Kennedy Center Concert Hall Tonight at 19.00, Mstislav

Rostropovich conducts the National Symphony Orchestra in Beethoven's Violin Concerto (soloist Uto Ughi) and Artyomov's new symphony. Rostropovich conducts another programme on Thurs, Sat and next Tues. Sun: Gennadi Rozhdestvensky conducts the Moscow State Philharmonic Orchestra (416 4600) Washington Opera Tonight's performance is Savage Land, a 1987 opera by the Chinese composer Jin Xiang (runs till Feb

9, with next performances on

Thurs, Sat and next Mon). Tomorrow is the final performance this season of Les Contes d'Hottmann (416 7800)

Fords Theater Zora Neale Hurston: Laurance Holder's play opens tonight in a production by Wynn Handman. It chronicles the rise and fall of the literary career of the most prolific African-American writer of the 1920s and 30s, who was known as the Queen of Harlem

Wooly Mammoth African Tourist: Drury Pifer's play, directed by Howard Shalwitz, is a complex political mystery set in South Africa, depicting a society in which control of information, rather than the truth, is the key to survival, Runs till Feb 16 (393

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■ ZURICH

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Tuesday January 28 1992

New ideas on nuclear arms

OF ALL the risks associated with nuclear weapons, the break-up of a nuclear power was one that nobody contemplated. In recent months, the search for reassurance on the nuclear front has been a prime focus of east-west diplomacy.

The subject will be high on the agenda at Friday's UN Security Council summit and involves ensuring a centralised, trustworthy command system for the former Soviet Union's nuclear arsenal; securing the non-Russian republics in their stated non-nuclear intentions; preventing the leakage of weapons, parts or exper-tise to would-be proliferators; and keeping Russia to the promises and treaty commitments made by Mr Mikhail Gorbachev to withdraw and destroy much of its stockpile. It is hoped that these plans will be extended in response to further US arms reductions.

There is scope for western governments to help the republics fulfil these aims. The cost of some measures would be marginal; even the more expensive would be cheap com-pared to the cost of failure. If necessary, the west should be prepared to make financial aid contingent upon co-operation

in de-fanging the nukes. The US congress has author-ised \$400m of Pentagon funds to help with storage and destruction of Soviet nuclear arms, a sum not yet taken up. It is perhaps not surprising that the Russians should hesitate before handing over responsibility for dismantling heir most secret weapons. But there are other ways in which the US and its allies can help, and which can be made acceptable to the recipients.

Some 13,000 of the ex-Soviet Union's 27,000 deployed nuclear warheads are already on the elimination list. Using current Russian facilities, it would probably take 10 years to cope with them. In addition to these and subsequent armscontrol cuts, there are thousands more old weapons in storage that need dealing with.

Central storage

The safest first step would be to ship all the weapons due for elimination to central storage in Russia. The west could assist in setting up a team to carry out inventories and in transported, grouped and disabled so that they cannot be

More ambitious would be a western-built plant for the complex business of disassembling the weapons. This entails dangers both for security - keeping track of fissile materials and parts such as triggering mechanisms and guidance systems which proliferating nations would be only too keen to lay hands on - and for the environment. A programme would also be required for recycling weap-ons-grade uranium into civil fuel and for handling the pluto-nium warhead cores.

Foolproof precautions

A case can be made for leav-ing the nuclear materials in weapons, as a lesser risk if foolproof precautions cannot

Either way, there would be a need to place stored warheads materials under some agreed form of supervision. This could be done by the International Atomic Energy Agency, but that would require a big increase in its \$75m-ayear inspection budget.

A further target for western financial help involves Russia's nity. There are reckoned to be tens of thousands who could be of use to a country seeking nuclear arms, including 5,000-7,000 experienced in specific eapons-related technology.

Suggestions that the west might pay such scientists and technicians directly – for instance in projects for cleaning up pollution from the Soviet weapons programme – should not be dismissed as madcap. Direct assistance for what would be tantamount to a selective welfare scheme might raise political objections in the US, but it could be carried out indirectly through an interna-tional organisation. Russian officials have suggested \$1,000 a month would be enough to persuade a scientist to stay put. At that rate, several thousand could be employed for the next 20 years for much less than it would cost Britain to procure a new sub-strategic nuclear missile for its air force. In terms of the security it

would buy, it would be good

Facing down the telephone cartel

government's largely enlightened telecommunications policy has been its failure to introduce competition in international communications. Last year's White Paper abolished the BT/Mercury Communications duopoly for domestic communications but did not open the door to competition for carrying international calls. Ministers' intentions to open

up the international market to "re-sellers" - which lease telecommunications capacity in bulk and then sell it on to customers - will go some way to remedy this defect. But the government's inclination not to allow competitors to build their own networks is disappointing. The recent licence application by Sprint, the third largest US long-distance telecommunications carrier, will put this policy to the test.

The market for international calls, where cartel practices keep call charges at about three times costs, is more in need of competition than any other part of the telecommuni cations sector. Even in the UK, competition between Mercury success in bringing prices down. Although re-sale would exert further downward pres-sure on prices, this is likely to benefit only large business cus-

Full network competition, on the other hand, would bring benefits to the whole economy as well as exerting downward pressure on underlying costs. The construction of more fibreoptic cables landing in Britain would also enhance the UK's position as Europe's telecommunications bub.

Paradoxically it is the industry's cartel practices which make it difficult for the government to open up the market. But doing nothing will only serve to delay the cartel's

Closed markets

One concern is that most foreign telecommunications mar-kets are closed to British companies. Rather than use this as an excuse, ministers' response could be to award licences to those companies which are not able to rig competition by relying on unfair advantages at

Some argue that no foreign

test because no market is fully open. Even the US - and therefore Sprint - would be barred because it imposes a heavier regulatory burden on foreign telephone operators than on US ones. Such a purist attitude would

be a recipe for stagnation. It takes no account of the fact that the US has recently agreed to change these regulations. It also ignores the fact that foreign companies are able to operate in the US, as shown by Cable and Wireless's long distance network and BT's US-based Syncordia venture which aims to sign up multinational business custom-

Distorting competition

Another concern is that granting a foreign telephone licence might distort competition in the UK. This is principally because of the arcane accounting rate system which determines how much telephone companies in one country pay their counterparts in other countries for delivering international calls.

the foreign company would dis-criminate in favour of its UK affiliate by charging it less for delivering calls from Britain than it charges BT and Mercury, and by giving its affiliate all its international traffic to deliver in the UK, bypassing the British operators.

Again, although such fears have some validity, the response should not be a hlanket ban on new network competition. It is possible to imagine a range of different safeguards to prevent foreign companies distorting competition in the UK. Some have already been pioneered in the US market, such as requiring all international operators to agree the same accounting rates in dealing with foreign carriers to guard against dis-

crimination. to take on yet another big job? The government should therefore award full network licences to any applicants which can show that they will not distort competition. Rather than being defeatist in the face of cartel practices, it should use its imagination to open up a part of the market which is crying out for competition.

r Carlo Ripa di Meana the European Community's environment com-missioner, calls it a turning point in our whole environment policy". Others see it as the EC shooting itself not just in the foot but

Mr Ripa di Mesna's plan to intro-duce a carbon tax as part of a package of measures to combat harmful emissions is one of the most ambitious fiscal and environmental moves that has yet been contemplated within the EC. If it succeeds, it will force con-sumers throughout the Community to cut back on dirty forms of energy like coal and petrol and, in the process, raise huge revenues - according to EC estimates, as much as Ecu60bn-Ecu65bn (£43bn-£46bn) - which could be recycled to reduce other taxes.

Although the plan has already made much more headway in Brus-sels than many people had expected when it was unveiled last year, it still faces huge obstacles. Large segments of industry are bitterly opposed to it, the EC's international trade lobby has denounced it as a self-imposed handicap, and tax experts have criticised it as a regressive step, because poor people allocate a larger part of their household budgets to fuel. There is even a body of opinion which doubts that it would work at all.

None the less, Mr Ripa di Meana hopes to secure political backing from his EC colleagues for a detalled plan by late spring. He is encouraged by the fact that it has already survived several ministerial councils, through which policy proposals have to pass, including those of the economics and finance ministers. Being a fiscal measure, however, the proposal will still have to go through the EC Parliament and receive unanimous approval from the Connell of Ministers.

An important meeting of the min-isters most closely involved — the energy and environment ministers — in December gave it the green light, although with a distinct yellowish tinge. The EC had hoped to come up with a statement that the tax will form the basis for the Community's attack on global warming. Instead, the best ministers could agree was that it is likely to do so.

The timing for Mr Ripa di Meana is crucial. He wants to be able to attend

the UN "earth summit" in Rio de Janeiro in June brandishing a piece of paper to prove that the EC is doing its bit to save the environment. This would put pressure on the US and Japan to adopt a similar tax and help him pacify his critics back home. But he also realises that if he fails to win international support his whole plan could, in his own words, become "a

Mr Ripa di Meana's proposal, worked out in conjunction with Mr Antonic Cardosc e Cunha, the EC energy commissioner, marks a depar-ture from the earlier trend of tackling environmental problems through rules and regulations. But the inten-tion is that the tax should be based on the same principle: the polluter pays.

It would take the form of a combined energy and carbon tax to be introduced in 1993 at the rate of \$3 per

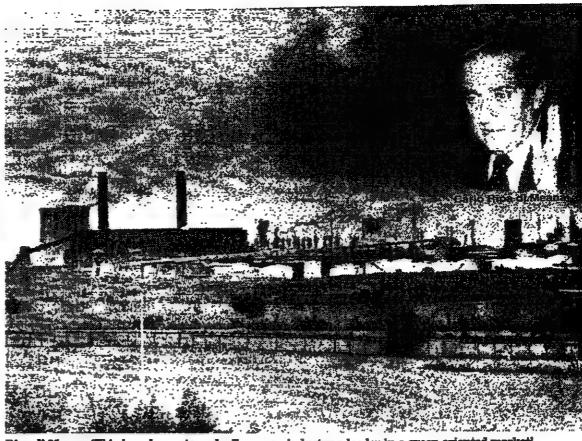
barrel of oil — current price, about \$18 a barrel — or its equivalent in other fuels. The tax would rise by \$1 a year to \$10 in 2000. By driving up fuel costs in this way, the tax would force users to become more efficient.

users to become more efficient.

The tax would be based on both the carbon and overall energy content of fuel. The carbon element would penalise fuels with high emissions of carbon dioxide, the gas widely biamed for global warming. The energy content would encourage greater energy efficiency, and tilt the balance in favour of renewable forms of energy such as hydro and wind power. such as hydro and wind power.

Mr Ripa di Meana concedes that the tax would place a heavy burden on energy-intensive industry, so he is willing to exempt heavy sectors such as steel and cement. But special treat-ment would be removed if leading David Lascelles reports on progress towards a carbon tax in the European Community

A mission to make the polluters pay



industrial countries outside the EC introduced similar taxes.

Another sweetener is Mr Ripa di
Meana's proposal that the carbon tax should be fiscally neutral - that all revenues should be used to offset other taxes. As the tax would be collected at national level, member states could decide for themselves how to spend the revenue windfall. Because of this, the plan is being pres-ented as a "tax shift" rather than a

Mr Ripa di Mesna's best chances of getting his tax lie in harnessing to the

rising tide of popular concern about pollution and global warming. Not surprisingly, his strongest supporters include the environmental and energy conservation lobbies, and these could be marshalled into a powerful — if rather diffuse — political force. But arrayed against him is a large number of the EC's powerful indus-

trial lobbies and trade groups, which argue that self-regulation would be a better means to the same end. Among them is Euroelectric, the trade group representing the EC electricity industry which would be the sector most

affected. According to the group's Brussels lobbyist, Ms Angelika Riedl, the plan would harm EC growth prospects and distort international compe tition by pushing up industrial costs.
The competitiveness issue may The competitiveness issue may prove Mr Ripa di Meana's biggest stumbling block. By his department's own calculations a \$10-a-barrel tax would push up the price of industrial gas by a third and of hard coal by nearly 60 per cent. In transport, the price of petrol would rise by 6 per cent and of diesel by 11 per cent.

At present, Japan and the US do

Tax takes its toll in Sweden

Sweden's tax on carbon dioxide emissions, introduced last year as part of wider tax reforms, is being strongly opposed by industry, writes Robert Taylor.

Already suffering under a recession, the country's industrial groups argue that the high energy taxes they face put them at a international rivals. Among energy taxes, the carbon

the amount of carbon districts emissions at the 1990 level until 2000 is the principal irritant.

The charge was imposed on carbon dioxide emissions from petrol and diesel fael, natural gas, liquefied petroleum and kerosene. The tax amounts to 4 cents per kilogram of CO2, in effect a tax increase of

9 cents per litre (22p per galion) of petrol. Peat, methanol, ethanol, weste-derived fael and blommer have been exempted from the tax. It is estimated that the tax will raise as much as \$2bn in its first year.

The carbon dioxide tux has added substantially to costs for industrial consumers: the cost of a cubic metre of heating oil has risen by SEr736, an increase of 20 per cent; a tonne of coal now costs 40 per cent or gas has risen by Skr535 per cubic metre, up by 30 per cent; and gasoline costs SKr750 a tonne more, a rise of 20 per cent.

A recent parliamentary investigation into the impact of the energy taxes on industry recommended that the tax should be cut by as much as 80 per cent.

The study said the tax was costing industry some SKr20bn a year in potential exports and had already led to the loss of some 10,000 John.
But any sweeping reduction of the tax is likely to be resisted by the pro-environment Centre party, an important member of Sweden's

osalition government. The government is expected to deliver its response to the parliamentary committee's a compromise will almost certainly have to be thrashed out by then to satisfy the competing claims of industry and that of the Centre party. The Centre party, whose leader, Mr Olof Johansson, heads the nvironment ministry, believes the EC's proposed environmental package itself is not tough enough.

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not seem prepared to make more than vague commitments to follow suff, although they may dress them up in Rio so as not to appear obstructive. Japan argues that its emissions requirements at least as good as those that the carbon tax would achieve, so it does not need a tax. In the US, the huminent election rules out any fresh taxes by the Bush administration.

The question is whether a finance US president might be prepared to break the long-standing political taboo against energy taxes. Alt Rafe Pomerance of the Washington-based World Resources Institute, which agectalises in climate change, believes that an EC initiative would ease the US's own concerns about competitiveness, and add credibility to the concept of a carbon tax. "1992 could be the year when this concept works its way into the political debate." However, this would be too late for Rio.

There is also dissension within the EC itself over the tax.

EC itself over the tax.

A big concern in Spain, one of the main opponents of the tax, is the main opponents of the tax, is the effect on its languishing coel industry. Other big coel producers, such as the UK and Germany, have similar reservations. On the other hand, the Netherlands, which has large deposits of natural gas, a relatively environment-triendly fuel, is a strong supporter. France, with the largest nuclear power industry in Europe, also stands to benefit. However, the harvaining over the details would bargaining over the details would ensure that the impact was even

across member states.

Opponents of the tax are likely in concentrate their fire on remaining doubts about global warming. Although fears about the greenhouse effect have gripped the popular imagination, the scientific evidence is still being reviewed. Earlier this month, the UN's inter-governmental Panel on Climate Change revised its forecasts of the greenhouse effect downwards, saying that the extent of global warming might be 20 per cent less than originally forecast.

These doubts are shared at high levels within the EC Commission,

levels within the EC Commission including the energy directorate, which is basing its case for the tax on energy efficiency rather than environmental grounds. Mr Cardoso speaks of the need to joit people into better energy babits.

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energy natits.

But if energy efficiency is the goal, the EC will still need to persuade people that a tax is the best way to go about it. The industrial lobbies have pointed out that there are plenty of other ways of bringing about energy savings, such as removing subsidies for coal and nuclear power, and suding tax breaks for car owners.

There are also doubts as to whether the tax would deliver the promised benefits. Energy consumers have a well-documented capacity for absorbing price rises. Mr Cardoso admits that he would prefer to introduce the tax all at once so as to administer the "price shock" he wants, rather than phase it in gradually. But this may be politically controversial, and the fact that the largest energy-consuming industries would be exempted further undermines the tax's likely impact. The record of Scandinavian countries, which have already introduced carhon taxes, is inconclusive (see below). Mr Ripe di Means, therefore, faces a tough battle. One solution might be to soothe industry's objections with a commitment that all carbon tax revenues would be recycled into cuts in corporation tax, or in VAT on insulation and environment-enhancing materials. In the longer term, EC industry might even benefit from the changes by becoming more energy-ef-

ficient than foreign competitors.
"This is a chance to update European industry and make it a leader in a green-oriented market," says Mr Ripa di Meana. But while broad public opinion may agree with that view, he will have to convince some powerfullobbies that his tax is an opportunity as well as a cost

Gift of tongue

■ As next boss of the UK arm of Unilever, Michael Perry has an important advantage over job before. He speaks Dutch, and so can converse with his counterparts at Unilever NV

in their own language. Having joined Lever trainee 35 years ago, Perry spent his early years as a brand manager in Holiand and two thirds of his career has been overseas. But by the time he became president of Unilever (Japan) his interest in extending his linguist skills had subsided. Although Perry cannot be

regarded as a mere caretaker chairman of the group's British undertakings, he is less than four years younger than Sir Michael Angus, who steps down as chairman in May. With Morris Tabakshlat's name pencilled in as the eventual cessor to Floris Maljers, chairman of Unilever NV, 46year-old Niall FitzGerald seems to be the frontrunner to succeed Perry. If he did, he would have more time to impose his

Not that Angus shows signs of wanting to cut his workload as he nears retirement. He is increasingly involved in sorting out the problems of National Westminster Bank and over the next few months will take on the chairmanship of Whitbread and the presidency of the Confederation of British Industry. If British Airways ever sealed the knot with KLM he would make an ideal chairman of the mega-

Surprise move

carrier. But does he have time

■ Once upon a time the Nat-West itself was a great British institution like Unilever, with its management succession seemingly cast in stone.

OBSERVER



"Goodbye Piccadilly, farewell Leicester Square...'

boardroom upheavals there are the surest sign yet that chairman Lord Alexander plans a radical overhaul of the troubled bank's top team. By promoting NatWest golden boy Derek Wanless to

be one of two new deputy group chief executives, he has leapfrogged a generation of NatWest bankers who might have felt they should have been given a chance of succeeding Tom Prost, the present NatWest chief executive, who has been doing the job since 1987.

Frost is 58 and due to retire in August 1993, but his period at the NatWest helm has not been a happy one and it would not be a surprise if he took early retirement. Like NatWest finance director John Burns. who is going to the TSB. Frost could be forgiven for opting

for a quieter life. Wanless, a Geordie who took first in mathematics at Cambridge, may be just the new breed of banker NatWest needs to set it back on course. But he has not spent all of his

through the retail banking

revolution. Besides being an enthusiastic supporter of Aldershot football club, he is an Eric Clapton fan, regulariy attending rock concerts. Perhaps of greater note to NatWest's rivals in the banking world is that he is also an outstanding chess

player. Yesterday he modestly tried to play down a widespread legend among his company colleagues that, at the peak of his powers, he could beat 20 simultaneous challengers blindfolded. "If it ever was true, it is not true these days,"

Goodbye Gus

■ Few will be down in the mouth to hear from sources well placed to know that we shall not long need to wrap our tongues around one of the unhappier pieces of recent verbal coinage: the Common-wealth of Independent States, alias what used to be most of the Soviet Union.

Whatever language it comes in, the title for the uneasy bedfellows of the former Soviet empire is clumsy and cumbersome, besides being virtually meaningless in lacking any geographical indicators. In the UK in particular, it has the added snag of engendering confusion with the British Commonwealth, and the

acronym CIS is at least as bad. having hitherto referred to the Charter Institute of Secretaries and the Cooperative Insurance Society. In Germany the acronym is the rather more helpful and familiar GUS, for the Gemeinschaft Unabhängiger Staaten. But it is nevertheless

already falling out of tashion in high places "We are no longer referring to GUS," a senior German

finance ministry official confided. "We only talk about the countries of the former Soviet Union. I'm afraid we don't believe it is going to last that long."

As by far the biggest single creditor of the "countries of the former Soviet Union" (CFSU?), Germany should know best. So long, GUS or alternatively, CIS transit

Looney Toons

■ As Boris Yeltsin announces that his missiles are facing away from US cities, what better way to celebrate than by sitting down with a six-pack and pizza and tune into Time-Warner's 18 hours of television offerings? 'Warner Week' is currently beaming into 200m homes in the erstwhile Soviet Union on Ostankino's Channel I (formerly Gostelradio). Highlights of the night shows include the gangster action movie, Bonnie and Clyde, and the The Postman Always Rings Twice, a cine-matic tale of murder and betrayal. Ostankino gets the programming free; Time-Warner gets three minutes of advertising each hour. The Looney Toons cartoons are

hapless ex-Soviets. Clearly, the lessons of capitalism are being learnt

on future menus for the

If at first...

When two Canadian hunters returned to their hired seaplane dragging a huge moose, the pilot first refused to risk taking off with so heavy a load The pair shamed him into it by saying a rival pilot hadn't feared to carry as big an animal shot nearby a year earlier. The plane failed to rise, however, crashing into the lakeside, luckily with no serious injuries, although stunning one of the hunters who woke up asking: "Where are we?"
"Back where we were a year

ago," said his partner.

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hen the prime minis-ier, Mr John Major, launched his Citigen's Charter in March 1991, he sain that its aim was to improve every part of the public services. Standards would be set out

in "clear contracts of service in clear which mean some-contracts which mean some-thing. There sould be "finan-cial satistions, [with] direct compensation to the public or compensation to the public or compensation to the public or those loss to the budgets of those that fall down on the job."

This was Mr Major's big lies and it represented a distinctive break with the policies of his predecessor. Mrs Thather appeared to believe that while services should prothat public services should pro-

that putting services should pro-plie a basic services for people who could not afford to pay their own way.

But yesterday's bullish relating of the Charter cannot caused the difficulties which have been encountered in turn-

ing the idea into reality.

Certainly there has been considerable activity since detailed plans were set out in lest July's white paper on the litter's Charter.

One highly visible result has been a fiscal of charters, covering everyone from benefits claimants to users of the Scottah courts. Another is that more public servants are wearing name hanges, a measure which Mr Francis Maude, the which Mr Francis Mande, the Treasury minister in charge of the Citizen's Charter, believes will make a profound difference in the quality of service.

Theing identified makes people behave differently," he says. "The individual can't shelter behind the anonymity of the machine."

There are measures in the legislative pipeline which will strengthen the powers of regulators to set service standards for the privatised utilities. And

Charters will be revised, ratcheting up the standards year by year

the government has tabled plans for more performance-related pay for people working in the public service. But the success of the Charter will be measured by its achievements in the core pub-lic services which are widely

seen to have declined in recent years: the three "Ps" of parents, patients and passengers.
Charters have already been published covering the first wo, but they demonstrate the difficulty in satisfying the gime minister's desire to provide clear contracts of service which mean something. Seven of the 10 points in the Patient's

John Willman, Alison Smith and Richard Tomkins on the difficult relaunch of the Citizen's Charter

Still waiting for the revolution

existing entitlements of limited appeal, such as to be registered with a GP or to be kept informed of treatment.

The only significant new guarantee is that from April 1992 no patient will have to wait longer than two years for an operation once he or she has seen a consultant. However, there is no time limit on the delay before seeing a con-sultant (this can be six months or more). Worse, recent figures on NHS waiting lists suggest that the two-year guarantee is lengthening the delays for operations where waiting times

operations where waiting times are less than one year.

Those involved in the Charter point out that this is only the first step in a process of changing the culture of the health service, so that its priorities are set by the customers rather than those working in it. The Charters will be revised it. The Charters will be revised regularly, ratcheting up the standards year by year - so that, for example, the maximum waiting time for an operation will soon be reduced from two years to 18 months, with further reductions later. But at some point, providing acceptable levels of service will almost certainly need extra resources, a point that ministers are reluctant to concede, The delay in producing the third of the three Ps - a Passenger's Charter for British Rail customers - reveals the difficulties in meeting Mr Major's aim of financial sanctions when charter pledges are tions when charter pledges are not honoured. Promised for last autumn, the Passenger's Charter has become bogged down in the difficulty of find-ing money to fund the scheme. The Treasury is not going to underwrite it: that would rather defeat the point. But if

rebounding on the people it is intended to help.

Instead, therefore, the emphasis will be placed on prevention rather than cure.

Thus, on Network SouthEast - the most troublesome part of the railway - the plan is to give each of the 15 principal routes an individual, achievable target for punctuality and

BR has to find the money from

its own resources, it must

higher fares - in either case,



reliability, and to give commut-ers a discount on the cost of renewing their season tickets if the targets are not met. Each line's performance will be measured as a moving average, so that managers can counteract any downward blip with a big effort to restore performance.

effort to restore performance.

People making individual journeys may be disappointed to find that compensation is no more generous than the semi-secret system operating already, except that it will be more open and less arbitrary. The only significant difference is likely to be the introduction of a self-financing scheme allowing people to buy entitleallowing people to buy entitle-ment to superior compensation

rights by paying a premium in the form of a reservation fee. Ministers acknowledge that one reason for the difficulty in agreeing an acceptable Passen-ger's Charter is that the government does not control BR fu the same way as it does the health service. The same absence of control has led to similar difficulties in applying the principles of the Charter to

local authorities which are responsible for delivering many public services.

For example, it had been hoped to use the charter mark hoped to use the charter mark seal of approval as an incen-tive for local authorities to improve the quality of their services. The very limited char-ter mark scheme announced yesterday is unable to fulfil this role, partly because minis-ters realised that they simply did not have snough informa-tion to make it work. tion to make it work.

Ministers are also conscious that a consumer satisfaction sanction exists already: what

sanction exists aready; what incentive is a government seal of approval compared with the prospect of re-election?

The engine for change in local services is now seen as the new powers and duties of the Audit Commission, the local government watchdog. It will be able to exercity performent. will be able to specify perfor-mance indicators and produce league tables to identify good and bad performers.

However, the Commission estimates that it will need probably five indicators, such

as value for money and the amount of service provided, for as many as 40 service areas. A limited range of "bell-wether" statistics could be chosen as key indicators, but that would encourage different interests to pick their favourite statistics from the information available. The system could become incomprehensible to the people it was intended to benefit.

Whatever the sophistication of the indicators, there are still difficulties in comparing the effectiveness of services. How, for example, can fair compari-sons be made between a coun-cil which provides high-quality nursery education for a few children and one that provides it for almost every child but

does so loss well? Other problems in making other problems in making the Citizen's Charter work have resulted from the inclusion of bright ideas in the white paper which have proved difficult to implement. For example, little progress has been made so far on plans to set up a network of local lay adjudicators to deal informally adjudicators to deal informally with complaints over public

with complaints over public service failures.

A consultation paper on the idea, promised before the end of 1991, has yet to appear because of two problems:

• the multiplicity of existing compensation schemes for the public service – many of them statutory and not therefore easy to subsume in a uniform lay adjudicator scheme: lay adjudicator scheme;
• the resistance of the Treasury to funding a scheme -even a simple free telephone number which could provide

complainants with information of the channels for complaint. When the consultation paper does emerge, the scheme will be all "lay" and no "adjudica-tor", as one insider puts it. The likelihood is that the scheme will amount to little more than m network of local worthies who point disgruntled consum-ers of public services towards

the appropriate channels.

Perhaps this is not surprising, given the experimental nature of much of what the government is doing.

"We are on a voyage of dis-covery into uncharted waters," says Mr Maude. "No govern-ment has tried to do anything like this before, and it is inevitably a process of evolution."
But the achievements of the first six months since the Citi-zen's Charter white paper was published must be judged against the prospectus set out by Mr Major when he first launched the idea. Apart from a lot of paper, it is hard to see much which could not have been achieved without a Charter. It certainly does not yet amount to a revolution in the public services which puts the

consumer in the driving seat.

Case for February



ther ado. Straight away. Or, as some residents of Calcutta would put it, in the wonderful improvement on English that they have evolved, "now itself".

Itself.

I say this because we already know more than most of us want to about the merits of the contesting parties. Let's get it over with. It would be surprising if Mr John Major were to do any such thing, but you never can tell. One of his senior ministers remarked recently that he thought the his senior ministers remarked recently that he thought the 1992 election would be "our revenge on Labour for February 1974". February? Does he mean February? Surely not.

The two largest parties each attracted 37-per-cent-plus-a-fraction in the February 1974 election, but the Conserva-

election, but the Conserva-tives won the larger fraction. This translated into a national lead of some 225,000 votes. Under Britain's idiosyncratic electoral system this clear Tory victory produced a Labour minority government, based on 301 parliamentary seats against the Conservaseats against the Conserva-tives' 297. At that time 318 seats constituted a majority, so the Liberals had to help prop Labour up. In the Octo-ber re-run the Tories lost nearly 1.5m votes and 20 seats, and Labour moved ahead to 319. This put the country under five years of mismanagement by the worst Labour government ever to

hold office.

I cannot say which of these events the above mentioned minister imagines will be the subject of revenge — the inversion of the electoral arithmetic; the coincidence of two elections in one year, a switch in Liberal support; or the subsequent confirmation in power of, on his logic, one of the poorest-performing Conservative governments of the century. Any of this is possible. What persists is the

February question.

The case against an immediate election is that to go now would deprive the gov-ernment of one of its strongest potential weapons, namely a budget that would seek to buy votes with the electorates' own money. The case in favour is that the chancellor would be absolved from the temptation to offer an outrageous bribe such as an unjustifiable cut in the

Joe Rogaly

standard rate of income tax. Perhaps the Tories can per-suade themselves that they can win without doing the indecent thing. They are clearly on a roll. Voters have been frightened by blatant, ruthless, and lying propaganda into believing that
Labour will increase taxes for
ordinary wage-earners. This
has been achieved almost too
easily. The Conservative tabloids have cast aside preten-sions to honest journalism or democratic principles. They have become propaganda

pamphlets for central office. There is plenty for them to crow about. Mr Major - a trump card - is spending this

The chancellor would be absolved from the temptation to offer an outrageous bribe

week high in the headlines, There was, first, Sunday's masterly appearance on the BBC's Desert Island Discs, then yesterday's re-launch of the Citizen's Charter. The prime minister has an oppor-tunity to make news at today's Question Time. That will be followed by Thurs-day's visit from Mr Boris Yeltsin, and capped by Friday's flight to New York to chair a special session of the United Nations Security Council. Imagine a half-point cut in interest rates at around the same time, and how could anyone resist the temptation to announce a map election?

The answer, alas, is "quite easily". Mr Major's reason for not calling an election last spring, on the crest of the wave of Tory popularity that followed the Gulf war, is that the could have been the waven. it would have been the wrong thing to do and that, anyway, the government still had to make good its undertaking to abolish the poll tax. As to an election last November, he had promised to represent Britain at the Masstricht summit in December. This was

wise: the probability is that the Conservatives would have lost a November election. If the prime minister persists with this year's apparent game plan, which is April 9 (polls permitting), May 7 (if all else fails), and early July (if he's desperate), he will have no excuse if he loses.

The best reason for ploughing on for a few more months is that he cannot be sure of winning. The FT poll of polls suggests that it would be touch and go. If you take Mori's poll in this week's Sunday Times the responses work out at a Tory overall majority of about 10 seats. In present circumstances, with most of the economic news bad, that would be a triumph for Mr

The FT's average of all polls

tells a different story. In December one version of our computer model produced a hung parliament with the Tories the largest party. another a similar stand-off with Labour just ahead. The same is true of the January results to date. Unweighted, the score is 41 per cent Tory, 40 per cent Labour and 15 per cent Liberal Democrat. You need 326 seats to win; our model says that these percentages would leave the Conser-vatives five seats short of that. If the same results are weighted according to the size of the polling samples, and then averaged once again, the Tories come out at 40.85 per cent against Labour's 40.18 per cent - and the number of Conservative MPs is down to 318, or eight short of the goal.

These mathematical games can be played all day. They become more complicated if you feed in regional differences, although the complexities tend to work out in the Tories' favour. The essence of the matter is that a few weeks of encouraging news do not constitute an election victory. From the government's point of view, that is the case for holding on. Yet there can be no certainty that two more months of politicking plus a giveaway budget, will further improve the Conservatives' standing. On the political fundamentals - their management of the economy - they should have fallen off the bottom of the chart by now. If they wait, they might. That is the case for daring to go in

LETTERS

that would be misdirected

Frum Lord Vinson.
Sir, A penny off corporation
tax in the Budget — as
suggested by the Institute of
Directors ("Directors urge £3bm
reduction in taxation", Janureduction in taxation", January 16) – would be money mis-directed, besides being of no benefit to the many small busi-nesses that operate as sole traders, whose cash position has been ravaged by 30 persons and the contract of the last forms and the contract of the last forms and the contract of the last

Remarking may not be everything but in the long remarks trading nation it is made avarything. Budgetary conclusions for business, then, should be aimed at stimulating investment in productive plant—to belp meet demand when the unturn comes.

Singularly in this country we penalise investment by not allowing adequate cost recovery against tax in the year of expenditure — the current 25 per cent diminishing balance rate is far too less.

rate is far too low.
So any budgetary concessions should be used in this area to improve the cash flow of investing companies — both small and large.

55 Kingsway. London WC2B 6QT

Tax reductions An unsuitable savings

From Mr Edward Rigg.
Sir, Let us not mince our words. I refer to your sriicle,

Endowment policies have been demonstrably the most unsuitable of all savings vehicles ever since life assurance premium relief (LAPR) was abolished in March 1984. Nevertheless the life insurance industry has continued to foist them on the public with the them on the public with the sid of questionable sales tech-niques, and by diverting an outrageously high proportion of savers' cash to its sales-

From the early days of the Financial Services Act the life insurance lobby has fought and schemed to defend its practices, which can plainly be described as designed to "rip

vehicle foisted on public

"Tied agents 'are overselling life policies" and leading article, "Life policies oversold". The big fraud (I am not mincing my words) is that they are sold at all. Endowment policies have

off" the public. The only surprising feature about the rift that has now developed in the Unit Trust Association is that it did not happen earlier. The link that exists between the concept of savings and the concept of insuring one's life should have

been severed many years ago.
At long last there have been signs recently that those in high places, including Sir David Walker, the chairman of Securities and Investments Board, have come to realise this and are beginning to ques-tion the selling of such poli-cies. Even Fimbra has begun to realise that its role in protect-ing the investor will be better discharged if it checks the sell-ing of these dubious policies rather than its members' petty It cannot be stressed too heavily that life insurance poli-cies of the savings kind, such

as endowments, and most of their closely related cousins such as regular premium personal pension plans, are a most unwise choice for almost anybody, not just the 30-odd per cent who find they have to can-cel them within two years. Edward Rigg, Thurnham Finance, 5 Frog Grove Lane, Wood Street, Guildford, Surrey GUS SEY

Economy needs more effective regional policy

industry, following close on the announcement of the clothe announcement of the closure of the Ravenscraig steel works once again highlights this country's absence of regional and industrial policy. Yet, if the UK is committed to the ERM and at sterling's current high and overvalued rate, it is essential that the government make effective use of industrial and fiscal policy to improve the supply-side potential of the economy.

This potential will not be realised if strategic industries

realised if strategic industries such as coal and steel are allowed to disappear. Gerard Lyons, chief economist, DKB International, DRB House 24 King William Street, London EC4R 9DB

Diesel not least polluting

From Mr David Parker.
Sir, The balance that John
Griffiths strikes ("Technology:
diesel cleans up its act" January 21) between diesel and petrol on their "cleanness" is
slightly misleading. Diesel is cleaner in some respects than present petrol-driven engines, but much of this advantage

disappears from the end of this year, when all new petrol-driven cars will be fitted with 3-way catalysts, reducing exhaust emissions by more than 90 per cent. Diesels emit "particulates" — a fine dust, mostly carbon, which can sometimes be seen as a smoke. This happens even when the engine is well-tuned. Diesels also produce a high level of nitrous oxides. The technology to handle these diesel emisis not nearly as well developed as that for petrol exhausts.

Conventional wisdom on die-

sels is that they emit much less carbon dioxide than petrol engines because they are more fuel-efficient and give better mileage. But diesel contains more carbon per litre than petrol does, and so produces more carbon dioxide when it is burned in a car's engine. This offsets much of the reduction in carbon dioxide arising from the better mileage.

David Parker, director general, UK Petroleum Industry Association.

From M André. Sir, On April 29 1991, there was in the FT an article headed: "Smoking diesels blamed as main source of pollution"; on January 22 1992 we learn ("Motor adverts critic-ised") that the Advertising Standards Authority upheld complaints against Peugeot Talbot for claiming that diesel engines would be environmen-tally "clean".

Nevertheless, in your Technology pages, we read regularly calls for more diesels; for example on September 5 1991 ("Measures to combat dieseL emissions urged") tax cuts to encourage diesel fuel were urged; or on January 21 1992 ("Diesel cleans up its act").

Assuredly diesels are somewhat cleaner when well tuned,

but when are they? 38 avenue du Gal del Gaulle, F-94300 Vincennes

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A perverted logic that cheerfully awaits the financial worst

From Mr Gerrit Jacobsen.
Sir, BCCI, Polly Peck, Maxwell. Now the British are expecting the worst from the single minded Mr Tiny Rowland. The ingredients are already there dividend are already there: dividend cut, stock price collapse, stock exchange inquiry, "foreign"

chief executive.
I hope Lourho is different. Only a week ago the FT was quoting some analysis as saying that Lourho should cut its dividend if it was prudent, but with others saying that they did not expect Mr. Rowland to do so because he was a "contrarian" out to prove he is dif-

ferent from the rest.

Now everyone is up in arms about his dividend cut. What that of perverted logic is this?
This "crists" is caused by the
financial industry, which has
fallen into its own psychological trap. What causes a lender
to say: "We have got to put on

our thinking caps to work out why he cut the dividend"? It seems that the lender has not done its homework and has no idea why it lent money in the

first place.
I would not be surprised if the drop in the share price caused some of Lonrho's now alarmed lenders to withdraw some of their credit facilities, thus causing a real crisis. I hope that the FT does not become party to this mind-twisting game by quoting an increasing number of worried people. I feel very much reminded of a London storm some of their credit facilities, causing little actual damage but paralysing the whole city because everyone stops work to stand by the window and cheerfully wait for something awful to happen. Gerrit Jacobs

2000 Hamburg 55,

From Mr Gerard Lyons. Sir, The cutback in the coal

FINANCIAL TIMES

Tuesday January 28 1992



Grim backdrop to US budget plans

The deficit problem continues to plague the administration, writes Michael Prowse

nomic growth.

HE BUSH administrathe CBO figures suggest the tion will tomorrow deficit will not fall below tion will tomorrow unveil budget plans for fiscal 1993 against an uncertain economic outlook and deteriorating medium-term trends for the federal deficit.

The deficit outlook is far bleaker than was expected when Congress and the presi-dent reached their budget sum-mit agreement in the fall of 1990," the Congressional Budget Office (CBO) warned last week. This time last year the administration used that agreement - which cut prospective deficits by \$500bn over five years - to justify its projection of a rapid decline of the budget deficit Mr Richard Darman, the budget director, even fore-cast a slim surplus of \$14bn by

The CBO, set up to provide non-partisan advice for Con-gress, now believes such proections were too optimistic. In its budget assessment last week it forecast only a gradual decline in the budget deficit, from \$352bn this year to \$178bn in 1996. The deficit then begins to rise again, reaching \$407bn

bail-out of savings and loans and the Gulf war are excluded,

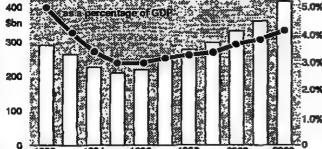
\$200bn, or 3 per cent of gross domestic product, at any point during the next decade. Indeed, by 2002 the deficit will have risen to 4.1 per cent of GDP, the come artists as amounted for the same ratio as expected for

A budget deficit represents negative saving by the federal government. The CBO's projec-tion of another decade of large deficits indicates that, on unchanged policies, the US will be unable to raise its low national savings rate. This in turn implies a low rate of capi-

What accounts for the deterioration in outlook for the deficit? In the short-term, the culprit is the recession, more stubborn than expected. Last year the administration forecast a recovery beginning last summer. This failed to materialise and many economists expect the recession that began in July 1990 to be the longest since the Second World War. Most forecasters, including

tal formation and sluggish eco-





2-3 per cent at an annual rate.

In the longer-term, the CEO blames the poor outlook for the deficit on projected spending trends. Provided permanent tax cuts are avoided in this week's budget, the organisa-tion projects federal revenue to rise slightly as a share of GDP, from 18.9 per cent this year to 19.2 per cent in 1995 and then the CBO, now project a weak recovery in the second half of this year. But few economists

However, its forecast for spending shows outlays at or above 22 per cent of GDP for most of the next decade. Discretionary spending - on defence and domestic pro-grammes - is projected to ecline steadily over the next

But these gains are offset by s sharp increase in mandatory spending on entitlement programmes, mainly health care for the elderly and the poor,

Mandatory spending, esti-mated at \$706bn this year, is already more than twice the size of the defence hudget. The growth in spending on entitle-ments can thus easily outstrip even a large "peace dividend". Debt service will remain one of

are taking a recovery for the government's largest progranted and not many expect more than lacklustre growth of cent or more of GDP.

The CBO concludes that another round of deficit-cutting, rivalling the 1990 summit, is now "urgent if the government's drain on national savings is to be curbed".

President George Bush has promised to eschew "quick fixes" in favour of stimulating long-run growth. But most of the measures expected this week - such as tax exemptions for children, tax credits for first-time home buyers and faster depreciation for busines investment - seem aimed mainly at accelerating growth in the short-term.

Mr Darman's talent for creative accounting will result in the most flattering possible presentation of long-run bud-getary trends. But analysts striving to assess the US economy's long-term potential will be looking for concrete evi-dence of either reduced growth of entitlement spending or higher revenues.

In the absence of either, the outlook for saving and capital formation is likely to remain poor, despite the large scope for cuts in the defence budget.

Nissan chief

fierce attack

on lacocca

By Steven Butler in Tokyo

MR Yutaka Kume, president of

Nissan Motor, yesterday issued a stinging attack on Mr Lee lacocca, chairman of Chrysler Motor and a leading US critic of Japanese business practices.

"In international business

circles, Mr Iacocca's remarks and behaviour are outrageous

Mr Kume's blunt remarks,

made during an interview with a group of journalists includ-

ing a Financial Times representative, are very unusual for a Japanese business leader.

They reflect growing resent-

ment and anger in Japan over what are seen as unjustified

and politically motivated attacks on the country.

senior Japanese politician sug-gesting that US workers are lazy and illiterate.

Mr lacocca accused Japanese

ousiness and government lead-

ers of duplicity following the recent visit to Japan by US president George Bush, during

which the Japanese pledged to try to increase sharply the imports of US-made cars and

car parts. The pledges were

part of an effort by the two

countries to reduce Japan's

\$40bn trade surplus with the US. "I just cannot tolerate his

Mr lacocca's remarks that the

launches

Agreeing to differ

on currencies

It is easy to see why Germany's inflationary preoccupations stopped it joining any moves to boost the world economy at last weekend's Group of Seven meeting. The apparent absence of US/Japanese action needs a little more explaining. Japan needs a higher Yen to fend off US protectionist pressures and lower interest rates to float its stock market off the rocks. An agreement by the US, even behind the scenes, to lower its own interest rates would have helped meet both objectives. It might also have elicited a more forthright state

ment from the meeting.

The missed opportunity prompts the question of whether the Federal Reserve is actually preparing to cut rates again, as many in the markets believe. Or has it been deterred by the softness of the Treasury bond market, which is apparently beginning to take the prospect of economic recovery more seriously? If a further cut in short-term rates undermined bond prices, it would be count er-productive. Long-term rates have a significant effect on demand, not least through their effect on the housing market. A modest reflationary package in tonight's State of the Union message might reas-sure bond dealers, but even that need not point to mone-tary easing. It could simply mean that alarm over the econ-

That need not imply that yesterday's dollar bounce heralds a sharper upward move, but it does raise doubts about whether the Yem can sustain its relative strength. The D-Mark is at least still under-pinned by high interest rates. Fear of intervention is unlikely to do much for the Yen if the Nikkei does crash through the 20,000 level and the Bank of Japan is forced to lower rates

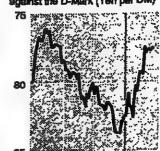
UK economy

It is a measure of the depths being plumbed by the UK econ-omy that rising imports are now greeted by some as evi-dence of a consumer revival rather than a threat to the bal-ance of payments. In last year's fourth quarter, import volume, excluding oil and erratics, was up only one per cent on the year before. But there seems little doubt that after the late summer, the

It thus seems likely that the current account deficit, which narrowed last year from £15.2bn to £5.8bn, will this year panies, which have underper-widen again. The persistence of formed by 30 per cent over the

FT-SE Index: 2,539.9 (+29.5)

against the D-Mark (Yen per DM)



the deficit throughout the most prolonged recession since the war is dispiriting evidence of the UK economy's structural failings. It will also limit the recovery, whenever it arrives. The problem need not be one of financing the deficit. It is rather that memories of the Lawson boom are still too fresh Lawson boom are still too fresh for any government to preside over a collapse in the balance of payments with equanimity. If a rising deficit had to be suppressed, the UK could yet again find itself out of step with Germany. Suppose that sterling were in narrow bands and that German interest rates had been cut to stimulate the had been cut to stimulate the German economy. Sterling could then be near enough to its ERM ceiling to make raising rates as difficult as cutting them is now. If that seems far-

fetched, it is worth recalling that as recently as 1987, Mr Lawson's attempts to cap ster-ling at DM3 involved slashing base rates even as the current account was plunging. If base rate rises were ruled out, the obvious alternative would be to raise taxes. In that case, the market might ask itself what

advantage there is in the Tories winning the election.

Mountleigh It is unusual, not to say dan-gerous, for any property deal to be announced these days before the ink on the contract is dry. But assuming Mount-leigh's Merry Hill sale goes through as planned the comthrough as planned, the com-pany can justly claim that its disposal programme is on track. The £125m price tag, moreover, is a reminder that the market for retail and industrial sites gets stronger the further north one travels. It is worth remembering that the UK's quoted property com-

last 12 months, are heavily blased towards London and the south east Even so, Mountleigh has a

pre shares

formidable mountain to di and investors will reasonably ask what it plans for an entire the gap between its industrial bill and rental income is duantically wide and can only be significantly researched. nificantly narrowed now by successfully finding purchasers for non-yielding assets. Last year's rights proceeds will preyear's rights proceeds with pre-sumably keep the lenders at bay, but it is hard to escape the conclusion that in practice Mountleigh is another Rose-haugh-style work-out on beind of the banks.

of the banks.
Yesterday's 10 per cent slits
in the shares to 9 per cent slits
chairman Sir Ian MacGregor
another opportunity to average
down on his personal holding.
But it will take more than a But it will take more than a promise to keep up the attack on costs and an overtise decision to stop capitalising interest charges to persuade other investors to follow suit. In particular, there is confusion about the value of the Spanish retailer Galerias in the input of its persistently poor trading results. A company which cape had the lofty ambitton to yet 22bn for Storehouse can start do better in explaining itself.

Body Shop

When overseas investors suddenly rush to buy into a III. company whose shares are on a historic multiple of 48 and a vield of 0.4 per cent, it would seem foolish for UK shareholders to resist. It would be all the order if the company odder if the company was not a Wellcome or a Glaxo, but a mere retailer. Yesterday's 12 per cent jump in the Body per cent jump in the Sody Shop share price was appar-ently sparked by a recommen-dation from an influential US stock picker. The only question is whether, if overseas inves-tors really are discovering the Body Shop formula in large numbers, they can push the price to away more improbable price to even more improbable

If so, UK investors would plainly be advised to hang on for the ride. But Body Shop has shown once already that it is vulnerable to the cycle. In 186, its shares lost nearly half their value as the recession took hold. And other UK companies — Dixons, Sock Shop and Rosceles, to name but three -The best course for Body Shop's UK investors might be to hand the shares over and buy them back when they so less furbiounble.

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Chief in Chie Indust.

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German union predicts large majority in favour of strike action

Steelworkers ignore jobs warning

By Christopher Parkes in Bonn

GLOOM gathered over the German steel industry yester-day as unions said that workers were voting heavily in favour of a strike, in spite of favour of a strike, in spite of further warnings of job losses.

The IG Metali union said yesterday that the ballot, which began on Sunday and runs until Friday, had so far produced a 90 per cent "yes" vote for a strike. Its figures were based on unofficial estimates by local union officials.

The voters' motives were

The voters' motives were mixed. While some claimed the employers would now have to pay for their refusal to offer more than a 5.5 per cent pay rise, others said they were pre-

warning managers of the local subsidiary of Bank of Credit and Commerce International to

reduce their exposure to the

parent company before the

worldwide closure of BCCI on

July 5.

The warnings followed earlier alerts arising from the late publication of BCCI's 1990 accounts. BCC Hong Kong (BCCHK) reduced its lending

to the rest of the group from \$757m (£418.20m) at the end of

banking commissioner, also sent examiners into BCCHK

branches the day before the

he already knew it was

report last year by Mr Carse to Sir David Wilson, governor of

The disclosure, revealed in a

Mr David Carse, Hong Kong

1989 to \$4m at June 30, 1991.

pared for action because they were unwilling to "let the Voting coincided with a

report from the RWI economic research institute in Essen which forecast stagmant steel output this year and the loss of 6,000 jobs from the industry's 135,000 workforce in western Germany.

The DAG white collar union, meanwhile, voted to hold a strike ballot this week among banking workers who have claimed a 10.5 per cent pay increase and been offered 4.5 per cent. IG Bau, the 1m-strong construction industry union, is

BCCI depositors lost \$96m in

the closure. Mr Brian David-son, Gibraltar's banking super-

visor, said yesterday he had

made representations about

the warnings to the UK's Bingham inquiry which is examining the role of the bank regulators in the BCCI affair.

are also complaining because they say the Bank of England

lems in BCCL Creditors of BCCI are now

demanding to know how wide-

spread and comprehensive the

The Bank of England said yesterday it had not seen the Hong Kong report and could

Mr Carse's report outlines

the extent of Hong Kong's fore-knowledge gained as a member

warnings may have been.

The 30 local UK authorities

them no inkling of prob-

cent claim tomorrow.

Trade union solidarity is emerging as the main issue in the 1992 pay round. With claims averaging 9.5 per cent and government, employers and the Bundesbank united in resisting any advances beyond

ingly rapidly.
Implicit support for resistance to union demands from the meeting of the Group of Seven leading industrial nations in New York at the weekend brought protests yes-terday from the DGB trade union federation. Mr Michael Genenich, a DGB board mem-ber, said internal wage

lege of regulators for BCCI in 1988. The initial members were the UK, Spain, Switzerland and

Luxembourg. Hong Kong

became a member in July 1989.

He said concerns because of the delay in publication of the 1990 BCCI accounts led his office to urge BCCI Hong Kong

to increase its liquidity and to

reduce lending to other parts of the group. In calendar 1990, BCCHK's lending to other

parts of BCCI was reduced by

nearly \$600m to \$175m.
Details of the July 2 meeting

at the Bank of England, when it was decided to close BCCI, were passed to Mr Carse the

same night. He said he put var-

ious contingency measures in place, including dispatching a

eam of examiners to the bank

the day before the closure. He said in the report: "I held discussions with the manage-

negotiations were a matter for unions and employers and had no place in international dis-Results of the steel ballot are

expected on Saturday when, provided a 75 per cent majority votes in favour of action, the announce the first stoppages.

An immediate all-out strike is milkely, and tactical stoppages are expected as the union attempts to extract an

Meanwhile the rise in west German inflation appeared to slow down in January accord-

Hong Kong alerted BCCI managers

The Nissan chief's tough attitude is unlikely to go down well in Washington, where a THE Hong Kong banking angry response from bank of an exclusive group of bank ment of BCCHK and its audisessment of the bank's finantion has been proposed in the Congress aimed at cutting the cial position. Without revealing the precise nature of my US trade deficit with Japan. concern, I explained to the US Japanese relations have been buffeted by a series of highly publicised disputes, on management of the bank that I understood there were some problems in the rest of the issues ranging from automo-tive trade to remarks by a

> ity."
>
> BCCI Hong Kong was suffi-ciently solvent after the shutdown to remain open on the Saturday after the closure and

group that were delaying final-isation of the 1990 accounts

and that BCCHK should ensure

the following Monday. The Gibraltar supervisor has complained that the use of the college to exchange information without informing regula-tors in other jurisdictions was unfair. "We did not even know there was a college of regula-tors," Mr Davidson said.

Newhaven-Dieppe Channel ferry service faces closure after losses

By Richard Tomkins, Transport Correspondent, in London

Société Nouvelle d'Arme-

of unsustainable losses. Its move comes less than a month after Sealink Stena Line of the UK closed the 148-yearold Folkestone-Boulogne route

Dover-Calats services. be to leave a gap in cross-Chanfrom Dover-Calais to Ports-

mouth-Le Havre. SNAT and Sealink Stepa Line sail their vessels under the Sealink banner, a pooling

arrangement under which they market each other's cross-

executive director of SNAT, said the company's losses on the Newhaven-Dieppe route had been caused by restrictive working practices and a long series of industrial disputes. "We have reached the stage where the deficits are putting

vices closure would be the port of Dieppe, which benefits not only from the employment created by the French-based ves-sels but also from the influx of

tourists arriving from Britain. Mr Avierinos said SNAT

didates - P&O Buropean Fer-ries, Sally Line and Brittany Ferries - ruled themselves

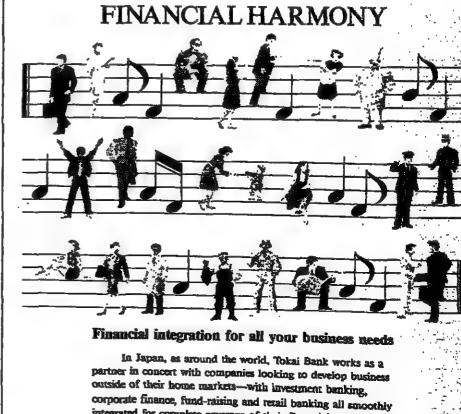
opening of the Channel tunnel between Folkestone and Calais next year, which will create a severe competitive threat to

vice is also seen as a candidate for early closure, and some ferry industry leaders predict that Dover-Calais will be the only short-sea crossing to survive the tunnel's opening

Japanese government is a liar," Mr Kume said. Mr Jacocca accompanied Mr Bush on the visit, and with the chairmen of Ford and General Motors met leaders of Japan's automotive industry. Mr Kume said: "At the meeting we offered the best we could do. But in response the US side's endeavours are not so evident. The reaction of the US side is incomprehensible to me.

He said that while Nissan was able to live up to its pledge nents, it could not guarantee the sale of US cars, even though Nissan is making arrangements to market Ford vehicles through its own dealer network. "We are ready to sell US vehicles in Japan, but there are some conditions attached." "It is up to them to make the

effort," he said.
• Reuter adds from Brussels: The US-Japanese car trade agreement is "more cosmetic than real", Mr Eberhard von Kuenheim, president of the Association of European Automobile Constructors, the EC lobby group, said yesterday. He said his group did not intend to challenge the accord under the General Agreement on Tariffs



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PLO threat to talks

Continued from Page 1

demned Arab participation. The US wants to use the Moscow meeting - involving Israel for the first time in discussing Middle East questions with Egypt, Jordan, and Tur-key as well as Arabs from the Gulf and Africa — to lessen the Jewish state's regional isola-

Israel and delegations representing Syria, Lebanon and a Jordanian Palestinian team have conducted three rounds of talks in Madrid and Washington marked by procedural argument and the restatement of well-known positions.

Mr James Baker, the US sec-retary of state and originator of this latest Middle East peace effort, will launch the Moscow meeting. He is anxious for the meeting to establish a framework for tackling multilateral Middle East issues before the general

election in Israel this summer

brings the peace process at

least to a temporary halt.

A FURTHER cross-Channel ferry service faces the threat of closure following a decision by the sole operator of the New-haven-Dieppe service to pull

ment Transmanche, a subsidiary of French railways, said it would shortly stop operating the 144-year-old route because

to concentrate its resources on If no company offers to replace SNAT on the Newhaven-Dieppe route, the combined effect of the closures will nel ferry services stretching

Newhaven-Dieppe is oper-ated by two French-crewed SNAT vessels, the now-closed Folkestone-Boulogne service was operated by two Britishcrewed Stena vessels, and Dover-Calais – by far the busiest route - is operated by two

vessels from each Mr Frederic Avierinos, an the whole company at risk," he

Hardest hit by the ferry ser-

would keep the route open until it had been established whether or not another operator was prepared to take it

out. Sealink Stena Line, however, said it might be inter-ested if the costs of the service could be reduced One uncertainty facing would-be buyers is the planned

the nearest ferry crossings. P&O's Dover-Boulogne ser-

WORLDWIDE WEATHER



FINANCIAL TIMES COMPANIES & MARKETS

Tuesday January 28 1992



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Wace shares fall on newspaper report

Wace Group, the world's largest pre-press printing specialist, yesterday took the unusual step of denying it was a front for the IRA. Wace made the statement after market rumours linked it with a newspaper report that a listed dering funds for the terrorist organisation. isk company was under investigation for laun-

BT changes results day

BT, the UK telecom group, is bringing forward the announcement of its third-quarter results to coincide with the publication of the consultative document on BT regulation by Oftel, the industry regulator. The document starts the review of BT's prices during which Oftel will have to decide whether the group's profits are "reasonable" and how much its prices should be regulated.

Loorho sells importer Londo, the trading group, is selling its UK MAN truck importing business. Page 29

Akes plan enters final phase



(left), chairman of Akzo, has embarked on the final and probably the most radical phase of his five-year mission to foster greater unity at the Dutch chemicals group. In many ways, his plan for a "drastic structure, unveiled on January 8, also marks the effective completion of the merger which

Total's growth slows

Total, the French state-controlled oil group, yesterday estimated that not earnings rose by 41 per cent last year to FFrs.8bn (\$1.07bn). The increase, from FFr4.1bn in 1990, represents a slowdown on the growth published in the previ-

presied the company 23 years ago. Page 25



The people of Yemen, one of the world's poorriches below ground. Oil and gas discoveries have led to speculation that the country is sitling on top of the world's biggest gas "bubble".

Harket Bulletics

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Merrill reports record \$696m profit

THE FINANCIAL TIMES LIMITED 1992

MERRILL LYNCH, the largest US securities house, yesterday sealed an outstanding 1991 for Wall Street when it unveiled full-year profits of \$896.1m, the highest in the company's history. In 1990 profits totalled \$191.9m.

Merrill's record performance

profits totalled \$191.9m.

Merrill's record performance was achieved in the wake of an exceptional fourth quarter, when earnings soared 463 per cent to \$170.7m on the back of buoyant stock markets and heavy equity and bond underwriting activity.

The improvement during the

final quarter from all the company's businesses was mirrored in the full-year figures. The reduction in interest rates over the year attracted large numbers of investors back to the stock market, and as a result revenues fumped 22 per cent to \$2.1hn. In the last quarter, commissions rose 36 per cent to \$556.1m. Earnings from principal trans-

account reached \$396m in the fourth quarter and \$1.96m in the

The company singled out its strong performance in trading high-yield securities and international equities, while trading in money markets, derivative products and over-the-counter stocks made a significant contribution

The most spectacular improve ment came from investment lower interest rates. Merrill's rev-

rose nearly 50 per cent in the full year to \$1.175hm. Merrill benefited from a rush of new corporate stock and bond offerings as companies took advantage of lower interest rates and high stock

For the fourth consecutive year the company was ranked the leading underwriter of debt and equity securities both in the US

Asset management and custo-dial fee revenues rose 17 per cent in the quarter to \$197m and 15

per cent in the year to \$774m. Assets under fee-based manage-ment by the Merrill Lynch Asset Management unit increased \$13hm over the year to \$123hn. and total client assets in custody rose 17 per cent to \$435bn.

On the costs side, non-interest expenses rose to \$1.5hm in the fourth quarter and \$6.2hm in the year, a result of big increases in employee compensation payments, and brokerage, clearing and exchange fees, which are all

linked to market activity

Alan Friedman looks at a change in approach for NatWest's troubled US operations

Surgeon eases the suffering

r John Tugwell, the 51-year-old main board director of Britain's National Westminster Eank who was rushed over to New York last April to take over as chief executive of the bank's troubled US operations, has no illusions about the mess he has inherited. "This is a wounded bank," he

gery he has performed on the bank's losn portfolio and man-Earlier this month NatWest's US operation revealed a \$371.5m loss for 1981, with non-perform-

admits, as he recounts the sur-

ing loans (most of them property) representing 8.16 per cent of the \$14.1bm loan book. In the City of London and on Wall Street, NatWest's US adven-ture — which began with the 1979 acquisition of National Bank of North America - is considered a deep problem that has helped degress the parent compa-ny's London share price. In the first balf of 1991, NatWest made a pre-tax profit of £101m; this profit would have been £250m had it not been for US losses.

not been for US losses.

The US strategy, the brainchild of Mr Tom Frost, NatWest's chief executive, has cost the group \$2.5bm in acquisition costs and canital injections.

The return on this investment is negative — some \$745.5m of net losses. Much of the pain has come since NatWest, on the back of bold talk about becoming a super-regional US bank, paid top-of-the-market prices and began a rapid expansion into New Jersey in the late 1960s.

NatWest Bancorp — as the US operation is called — has suffered large losses in four out of the past five years, some \$1.1bn of deficits in all. The losses resulted from risky Latin American sovereign lend-

ing, bed US project finance and property loans that include writeoffs on borrowings by Mr Donald Trump, the discredited New York property developer, and the woes of recession in the New York

bank's US strategy has changed several times in recent years and claims he has a plan aimed at achieving a 15 per cent return on equity by 1995. "This has not been, so far, a

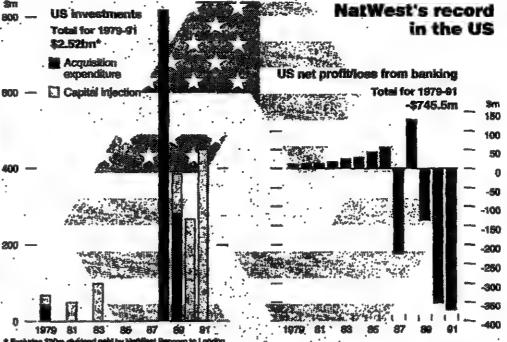
good investment for the NatWest shareholder. The stockholder will still be waiting for a return on investment," he admits. "I don't know whether we can ever recoup our investme

Asked if NatWest Bancorp would have gone bankrupt had it been a stand-alone bank lacking a parent with deep pockets, he replies: "It would have been very close to that. Some 10 to 11 per cent of our assets were non-per-forming at one point." Mr Tugwell downplays any responsibility he had as a regional general manager of Nat-

West Bancorp between 1984 and 1987, but acknowledges mistakes of Bancorp's past management. He admits that his personal stake in turning the US business around is "very substantial, it is my own reputation". He acknowledges City of London speculation that he is seen as a possible beir

NatWest's approach to the US is at odds with Britain's three Lloyds has a tiny US presence.
Barclays has been hard hit by the recession but it is more sharply focused on corporate and investment banking.
Midland's US presence is a

shadow of its post, not surprising after its debacle with the California-based Crocker National, which it sold off in 1988.



sets, two-thirds of which are in its New York bank and the rest in New Jersey. Its 260-branch net-work and staff of 7,300 are evenly split between the two states.

Mr Frost mapped out the growth strategy, proclaiming in 1988 the goal of building a superregional bank in the north-east of

the US with \$30bn-\$40bn of assets. He said he was seeking a 10 per cent contribution to group profits from the US.

he original NatWest foray into the US market was couched in terms of global diversification. By 1988, when Jersey National Bank, the super-regional strategy was adopted.

Looking back, Mr Tugwell admits that too much was paid in

New Jersey.

Mr Tugwell says that among NatWest's worst mistakes were loan portfolios where the bank was overexposed. US commercial property - where 50 per cent of

NutWest now has \$21.5bm of US the bank's \$1.5bm loan book is classified as non-performing - is the most obvious example.

Since last April Mr Tugwell has custed most of the previous top managers at NatWest Bancorp, made \$587.7m of bad debt provisions and tried to steer the bank towards a new strategy. To correct the US bank's credit policies he brought over Mr Alan Jones as senior credit control manager, a role he played at the NatWest group level. Mr Tugwell says the bank is trading profit-ably and analysis expect it could icies he brought over Mr Alan

eern \$100m in 1962.

One thrust of his attempt to reach a 15 per cent return on equity by 1995 is a drive into the retail market. He says the aim is to shift the business mix from its present 80:20 split between corporate and retail to 60:40 by 1995. He wants to develop more non-interest income by improving the number of services sold to clients, and to earn more from spe-cialist area such a learing, cash management and lending in

niche murkets

The retail embition seems odd at a time when consumer delin-quencies are at record levels and even retail banking profits at Citicorp, the New York leader, have crashed as a result of the

"We have neglected our con-sumer base of 1.25m customers and it ought to be relatively simple to achieve early results," he

conventional wisdom in New York banking. But so does Mr Tugwell's conviction that he must expand NatWest in Connecticut, one of the most depressed

Mr Tugwell says the London board is committed to the bank. It discussed and "soundly rejected" last year the option of selling the US business. But Nat-West's top executives have repeatedly claimed the worst was over in the US - and they have repeatedly been wrong. Board shake-up, Page 18

say Nestlé can bid for **Perrier**

By Alice Rawsthorn

NESTLE, the Swiss food group, has been given the go-ahead by the French stock market suthorities for its FFr13.42bn (\$2.45bn) hostile takeover bid launched last week for Source Perrier, France's leading mineral water

tompany.

The Swiss group, which is funding the bid jointly with Banque Indosnez, the prominent Paris bank, now needs to secure the consent of the French gov-ernment as it is based outside

the European Community. In recent days Nestlé has appeared to be trying to play down the aggressive aspects of the bid which threatens to turn into a bitter battle with the

Agnellis, the Italian industrial dynasty, for control of Perrier.

Mr Reto Domeniconi, directorgeneral of Nestle, stressed in interviews with Espresso and Il Mondo, the Italian weeklies, that he hoped to reach an agreement with the Agnellis.

He suggested that his company could keep Perrier's water and theree interests while the Accellis, who are in the threes of a FFr5.5bn bid for Exor, the French property group that con-trols 35 per cent of Perrier, could retain its holdings in wine and

In spite of Mr Domeniconi's placatory overtures. Nestlé is pressing shead with its legal bat-tle to prevent the Agnellis from blocking its bid for Perrier. Nes-tlé is trying to invalidate the PF1.5bn purchase earlier this month of a 13.5 per cent stake in Perrier by Saint Louis, another company linked to the Agnellis. The combination of this holding with Exor's 35 per cent would give the Agnelli camp control of 48.6 per cent of Perrier, making it almost impossible for Nestle's hid to succes

Nestlé last week obtained a court order to freeze the voting rights attached to the Saint Louis aboves. The Tribunal de Commerce, the Paris commercial court, yesterday announced it had set a date of February 25 to deliver its judgment on the validity of Saint Louis' investment.

The Commission des The Commission des Opérations de la Bourse, another French stock market regulator,

whether it will sanction the

In the meantime, Mr Umberto Agnelli, who has headed his funity's drive into France, has tried to mend the damage to the Agnellis' carefully cultivated francophilic image by stressing their commitment to long-term investment in France.

Proposed Volvo merger delayed by advisory body

THE ATTEMPT by Volvo, the Swedish car group, to become majority owner of Procordia, the Swedish food and pharmaceuticals conglomerate it owns jointly with the state, was still uncertain

The outcome of what would be Sweden's first privatisation of a partially state-owned company may depend on the verdict of the Swedish government's advisory

The nine-strong body, made up of prominent financiers and industrialists, met yesterday for an hour to discuss the deal and decided to continue their discussions today. The commission's primary stated task is to advise

Mr Per Westerberg, industry min-ister, on the timing, selling price and conditions for the privatisa-

tions were mixed. Volvo's unrestricted share price rose from SKr393 to SKr395 at the close of

shown increasing interest in buying its stock.

By contrast, Procordia's unrestricted share price fell from
SKr212 to SKr198. There were
similar trends in London,
reflecting the market view that
the deal is good for Volvo but bad
for Procordia.

The outcome of the proposed

trading. So far this year Volvo's share price has surged by about 30 per cent as investors have shown increasing interest in buy-

The outcome of the proposed

the Swedish government. The judgment of the privatisation commission is now seen as vital if there is to be rapid agreement on Procordia's future.

Last Friday the commission rejected Procordia's first offer of 10 Procordia shares for four Volvo shares on the grounds that it was too generous to Volvo shareholders. The second and existing offer was slightly modi-fied to nine Procedia shares for

four Volvo.

Although Mr Nicolin and his colleagues do not have the legal powers to veto the share offer their views are bound to carry

considerable weight.

The commission also criticised the industrial logic of the deal, suggesting that it had advantages for Volvo but disadvantages for

privatisation committee.

Headed by Mr Curt Nicolin, the committee was still considering its attitude to the proposed SEr38.7hn (£3.7lbn) deal.

tion of Sweden's 35 wholly or pertially state-owned companies. On the Stockholm bourse reac-

merger may depend on talks between the two companies and

Mountleigh loses £73m midway

income in future.

Sir Ian MacGregor, the chairman, who is recovering from heart surgery, reiterated Mount-leigh's objectives of reducing debt by selling its UK and continental property portfolio. Corporate costs increased from \$6.5m to \$6.7m. There was a loss per share of 20.1p, compared with earnings per share of 4.7p a year

Z-Länderbank Bank Austria AG

Osterreichisches Credit-Institut AG

to

Girozentrale und Bank der österreichischen Sparkassen AG

The undersigned initiated this transaction, acted as financial advisor to Z-Länderbank Bank Austria AG and assisted in the negotiations.

Salomon Brothers International Limited

yesterday announced pre-tax losses of £73.7m (\$131m) for the six months to October 31 and 1047 - 15 passed its interim dividend. A year earlier, it made a £12m pre-1270 + 70 tax profit and declared a 125p interim pay-out.

These heavy losses are the lat-est in a series of controversial

1480 announcements by the company. Last summer, it announced a 1961m annual pre-tax loss and the breach of its banking cove-

which provoked a public censure by the stock exchange. In October, the chairman and three joint managing directors resigned before the company's annual meeting, as a result of the company's change of strategy.

About half the loss was due to About half the loss was due to Operating profits in the UK fell earlier.

a provision taken on its Merry from £11.3m to £7.5m. Property Lex, Page 16

By Vanessa Houlder, Property Correspondent, in London MOUNTLEIGH GROUP, the debt-laden UK property company, yesterday announced pre-tax losses of £73.7m (\$131m) for the sion fund adviser, in partnership with Hammerson property group. The deal is likely to take several weeks to complete.
The difference between Merry

Hill's book value of £160.4m and the sale price was the main cause of a £40.1m exceptional charge. In addition, the exceptional charge included £5.5m of the £9.8m costs of last summer's £96m rights

It launched a £96m rights issue, The interim results suffered from an increase in the interest charge from \$26m to £35.5m, largely because it has stopped capitalising interest. Net borrowings stood at £526.4m at October 31 compared with 2641.1m at May 31.

sales dropped from £116.7m to £48.6m with a further £22m raised from the sale of investment properties in Spain. Rents and service charges increased from £10.7m to £13.3m. The sale of Merry Hill, which has a rent roll of £10.8m, will significantly reduce rental

Galerias, the Spanish depart-ment store, made a £1.9m loss, as increases in operating costs offset an increase in sales and gross December 1991

BSI climbs

slightly to

SFr58m

over year

By lan Rodger

BANCA della Swinson Ballana (BSD) Switzerland's sixth larg-est commercial bank, has reported net income of SFr58m (\$41m) in 1991, up alignity from the SFr57,7m carned in the pre-

vious year. Gross profit at the bank, in which Swiss Bank Corporation

has a controlling interest, was SF1150m, down 5 per cent. However, the previous year's figure included SF150m in

extraordinary gains on the sale of participations in banks in Monaco and Luxembourg.

Depreciation and provisions were SFr92m; down from SFr100.6m in 1990.

SF100.5m in 1990.

The bank said the satisfactory operating results were ntributable to a better lumined margin and higher income from commissions, foreign exchange transactions and securities. Net of interest and brokerage paid, total income was SFr433m. 13 per cent above

was SFr433m, 13 per cent above the level of the previous year,

excluding the extraordinary

At December 31, 1991, total

in Zurich

INTERNATIONAL COMPANIES AND FINANCE

Dutch property units plan | Alcatel sells | National Westminster Bank to explore alliance options

to expand its international

WERELDHAVE and VIB, the Netherlands' second and third largest property investment funds, plan to look into the possibility of entering into a far-reaching form of co-operation".

The companies, which are listed on the Amsterdam bourse, are to consider all options including that of a merger. Their decision is expected in several months'

announcement yesterday comes at a time of extensive alliance building in the Dutch property sector.
In December, ABP, the Dutch civil servants' pension fund, said it planned to buy a

12.5 per cent stake in Rodamco,

the country's largest property investment fund, in order

property holdings.
Rodamco, which has property holdings of around F18bn (\$4.4bn) and which is seeking new funds for further growth, is also in talks with PGGM, another large Dutch pension fund, about possible co-operation.
Wereldhave and VIB have

property and other investments worth about F15bn and are very active on overseas markets, but Wereldhave's portfolio is more international. Nearly one-third of Wereldhave's investments is in

takeover of Peachey Properties The two companies' shares

the UK, a legacy of the company's successful hostile

rose slightly on the Amsterdam Stock Exchange yesterday following the news of talks on a possible partnership. Wereldhave gained Fl1.60 to Fl120.70 while VIB rose Fl0.10 to Fl59.80.

VIB switched from an open-ended to a closed-ended structure in autumn 1990, in line with Rodamco's decision to stop its daily practice of buying in and selling its own shares to keep its share price equivalent to net asset

This move forced most other open-ended Dutch property funds to follow suit, and they now all trade at a discount to their net asset value. Wereldhave, by contrast, has always been eloced-ended.

Total profit up 41% to FFr5.8bn

TOTAL, the French state-controlled oil group, yes-terday estimated that net earnings rose by 41 per cent last year to FFr5.8bn (\$1.07bn). The increase, from FFr4.1bn

in 1990, represents a slowdown on the growth published in the previous year. However, since then Total has changed its accounting methods to reduce the wild swings in its results that used to come from oil price changes. Accordingly, it has switched from accounting for stocks on a first in,

oil stocks at replacement Last year's growth reflects

Last year's growth reflects an upturn in activity and pro-ductivity gains across the group, said Total. Margins were lifted by the Gulf war in the first quarter, but shrank again with the subsequent fall in oil prices and in the dollar's

Total's oil and gas reserves outside the Middle East increased by more than 15 per cent, while sales of crude oil rose by 13 per cent, faster than the market,

Refining and marketing sales rose by 8 per cent to nearly 1.3m barrels per day, helped by strong demand in Europe, where Total's refineries ran at 97 per cent of capacity last year. Margins in the refining business consolidated the previous year's recovery, after a strong first quarter, said the

Total at the same announced s four-for-one share split, which will take effect on February 10, to increase the liquidity of the market for the

Statoil upgrades European capacity

By Karen Fossii in Osio

STATOIL, the Norwegian state oil company, is planning to invest an estimated NKr4bn (\$641m) to upgrade and expand European refinery capacity, and is also seeking new capacity outside Europe.

Statoil produces about 1m barrels of crude oil a day, but has just 200,000 barrels a day refining capacity.

The company is to spend

about NKr2bu to boost annual fining capacity in Denmark to 4.8m tonnes from 3.5m tonnes by building a plant - adjacent to its existing refinery at Kalundborg — to refine con-densate, a liquid hydrocarbon. Construction of the plant, which will be supplied with condensate from Statoil's North Sea Siepner field, is to be completed in the fourth quarter of 1994. Statoil, one of the world's

leading oil products exporters outside Opec, spent NKr12bn to expand and upgrade its Mongstad refinery on the west coast of Norway which came on stream in 1989.

Statoil said the new investments, in the range of nKri.Sbn, were being planned at Mongstad including a desul-phurisation plant and a small methyltertiary butyl ether

(MTBE) plant.
MTBE is used as an additive to boost or improve the octane level of unleaded petrol, which burns cleaner than leaded pet-rol. The plants will enable higher-quality products to be produced in order to meet stricter environmental require-ments in the US and Europe.

postal units in record buy-out

By William Dawkins

ALCATEL, the French telecommunications equipment group, has sold its postal franking and folding machine businesses to a group of financial investors and company staff for an estimated Pirthn

This is France's largest management buy-out since the FFr7bn acquisition of Darty, the electrical retailer, four years ago. Alcatel's mailing machine businesses, known as Souman in France and Hadewe in the Netherlands, take second place in the world market after Pitney Bowes of the US. The division recorded

The division recorded FFr2bn sales last year and employs 3,600 people. About half its sales are made abroad, mainly in the US, Britain and the Netherlands.

The deal allows Alcatel to pull out of a non-strategic activity without selling to a competitor, said Mr Jean-Marie Messyer, a managing associate at Lazard Frères, the bank which organised the buy-out. The management holds 2 per cent of the equity and will have stock options—still under negotiation still under negotiation -which could allow them to go up to more than 5 per cent.

The remainder is held by the financial backers, with 35 per cent owned by a Lazard investment fund, plus 15 per cent with Baring Capital Investors.

Outokumpu in FM750m deficit

OUTOKUMPU, the Finnish group, said yesterday its 1991 loss before extraordinary items was about FM750m (\$170m), compared with FM124m in 1990, Reuter reports from Helsinki. The company said it expec-

ted the group's result to improve "notably" in 1992. The end of 1991 was worse than expected. The last four months' result was weakened by FM250m due to a poor market situation, foreign exchange losses caused by the markka's devaluation and inventory losses on declining

metal prices.

to restructure management

By David Barchard in London

NATIONAL Westminster, the second largest UK banking board less than two years ago when he was made head of the second largest UK banking group, yesterday announced a shake-up of its corporate and financial markets operations and the appointment of two deputy group chief executives to serve under Mr Tom Frost, NatWest's chief executive.

The two new deputy group chief executives are Mr Bert Morris, 57, and Mr Derek Waness, 44. Mr Morris currently heads NatWest Support Services Division and will succeed Mr Roger Flemington, who is due to retire as deputy group chief executive in May, while retaining his present executive

The promotion of Mr Wan-less, who joined the NatWest

man of County NatWest, as his deputy.
Mr Wanless said yesterday bank's UK financial services that the changes were only a managerial restructuring and division, is likely to arouse the most interest. Despite his age, he must now be a leading con-tender to succeed Mr Frost as would not affect County Nat-West in any other way.

"All three of the units have group chief executive when he tackled their problems over the retires in August next year. last year or two and developed Mr Wanless, whose career so up their business well and increased their complementary far has been in NatWest's personal customer and retail skills well", he said.

The latest appointments come 10 days after NatWest brought in Mr Richard Goelts, a 49-year-old American, to be banking business, will head a new grouping of the bank's

corporate and investment banking and trading market activities, to be called NatWest its chief financial officer in Markets. succession to Mr John Burns who left the bank to become It will have its own board, chaired by Sir Michael Angus, finance director at TSB. NatWest deputy chairman, with Sir Geoffrey Littler, chair-

ABB buys 10% stake in Elektrim

By Christopher Bobinski in Warsaw

ABB, the Swedish-Swiss tors and foreign companies. electrical engineering group, has bought a 10 per cent share in Elektrim, a recently-privatised Polish foreign trade company specialising in power generation. Elektrim, whose principal

markets are Czechoslovakia, Germany, Turkey and Austria, reported a profit of Zi 188.1bn (\$16.3m) on turnover of Zl 3,425bn in the first half of last year.
The privatisation valued

Elektrim at Zl 210bn, with the government retaining 18 per cent of the company's 3m shares, of which 60 per cent were sold to individual inves

By Nicholas Denton in Budapest

AUSTRIA's Voest-Alpine Steel,

bidding to become the domi-

nant steelmaker in east-central Europe, yesterday sealed its investment in Hungary's larg-

est cold-rolling mill.
Voest-Alpine, a subsidiary of
Austrian Industries, the state

industrial holding company, is paying Ft2.4bn (\$31m) for half-ownership and management control of the Dunaujvaros

The Austrian steel compa

ny's eastern expansion is made more urgent by increasing con-

plant in central Hungary.

ABB made its purchases through two of its subsidiaries in Poland, with ABB Zamech and ABB Dolmel buying 5 per cent each at a total cost of Zl 21bn. ABB, which exported around \$65m worth of goods to Poland last year, now has five joint ventures in the coun-

These include ABB Zamech, established in April 1990, which produces maritime equipment and gas turbines, and ABB Dolmel, as well as Dolmel Drives, which speci-alises in generating equipment and machine drives and was established in July 1990.

Austrian steelmaker seals mill deal

centration in the European

industry. By adding eastern markets, Voest-Alpine can attain the size to survive alone,

according to Mr Wolfgang

The stake in Dunaujvaros is

seen as establishing access to

the Hungarian market. The

venture hopes to win new custom from the Hungarian operations of multi-nationals,

like Suzuki's car plant and

Electrolux's refrigerator fac-

tory. Nevertheless, overall local demand for steel has

Eder, the general secretary,

ABB has also recently set up two small-scale enterprises.
One is between Poland's ZWUS
with ABB's railway signal
producing subsidiary in
Stockholm and the other a joint venture between Lamina, a Polish factory producing lamps, and Infocom, an ABB-owned company in Switzerland.

ambitious investments by ABB in Poland have been held up by Polish fears that the Swedish-Swiss company would soon come to play a dominant role in the company in the company would be to the company would be to the company would be to the company would be the company when we want to be company when the company we would be company when the company we will be company with the company when the company we will be company with the company when the company we will be company when the company we wil role in the country's power generating equipment and related sectors.

fallen sharply and competition

from Czechoslovak producers

Although the Dunaujvaros

venture will continue to pro-duce mainly for the Hungarian

market, Voest-Alpine is explor-

ing an international division of labour – basic manufacturing in the east and special steel production in the west. The Dunaujvaros plant,

which has an annual capacity

of 500,000 tonnes, was chosen because it is linked to Linz by

has grown fierce.

assets were SFr9.9bn, up 8 per cent from a year earlier. Loans grew 4 per cent to SFr5.8bn and deposits were up 8 per cent to SFr6.4bn. Disclosed share-Further plans for more holders' equity, after the pro-posed unchanged 16 per cent dividend and allocations to reserves, would be SF1762m.

Tallent acquired by Thyssen

THYSSEN INDUSTRIE of Germany has acquired Tallent Holdings for an undisclosed sum, writes Chris Tighe. Tallent, based in County Durham, north-east England, specialises in the manufacture of automotive suspension of automotive suspension or automotive suspension components. Nissan's Sunderland plant is a main customer; it also supplies Ford, Isguar and Rover.

Tallent was the subject of a management buy-out from the Colston Group three years ago. The commany than valued as

The company, then valued at £11m, has since increased annual turnover from £17.8m to £45m. (\$77.83) It employs 775

This announcement appears as a matter of record only

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.

January 1992



Nafin Securities Limited

U.S. \$100,000,000

6 per cent. Bonds due 1996

with Warrants attached thereto related to the Equity Index of the Bolsa Mexicana de Valores, S.A. de C.V.

Guaranteed by

Nacional Financiera, S.N.C.

(A National Credit Institution and Development Bank of the United Mexican States)

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Notice of Capital Increase

U.S. \$24,500,000 Intershop Overseas Finance (Curação) N.V.

6% Guwanteed Convertible unconditionally guaranteed by and convertible into Berner Stense of Str. 200

Intershop Holding AG

Notice is given to holders of the above mentioned convertible bonds (the "Bonds") that at an Extraordinary General Meeting of Shareholders of
intershop Holding AG, Zurich ("Intershop") convened for 20th February, 1992, the Board of
Directors of intershop will propose a capital
increase of Str. 81 million, from Str. 260 million to Str. 321 million. Holders of bearer shares and holders of
registered shares of Intershop will each receive
respectively a preferential right to subscribe new
bearer or registered share for every 10 old bearer or
registered shares held (the "Subscription Right").
Provided that the cepital increase is approximation in
the control of the street of the street

Provided that the capital increase is approved, the conversion price for the Bonds will be adjusted in accordance with the terms of the Bonds with effect from 10th March, 1992, when the adjusted conversion price will be published.

Bondholders wishing to avail themselves of the Subscription Right must exercise their conversion rights on or before the close of business in Switzerland on Friday, 14th February, 1992. Bondholders converting their Bonds after this date will receive Bearer Shares ex rights and accordingly will have no entitlement to any Subscription Right.

Zürich 27th January, 1992

The Prudential Insurance Company of America U.S. \$500,000,000

Collateralized Mortgage Obligations Series 1986-1

For the period 27th January, 1992 to 25th February, 1992 the Bonds will carry an Interest Rate of 4.6375% per annum with an Interest Amount of U.S. \$54.00 per U.S. \$50,000 (the original Principal Amount) Bond, payable on 25th February, 1992. The Principal Amount of the Bonds outstanding is expected to be 28.909982012% the original Principal Amount of the Bonds, or U.S. \$14,454.99 per Bond until the Sixty-second Payment Date.

Bankers Trust Bankers Irusi Company, London

Agent Bank

EQUIFUND - WRIGHT NATIONAL EQUITY FUND Société d'Investissement à Capital Variable, 14, rue Aldringen, Laxembourg R.C. Luxembourg B32 557 SECOND EXTRAORDINARY GENERAL MEETING

The quorum required by law not having been reached at the First Estracedinary Ge Mosting of Schencheders held on 8th January, 1992, the shareholders are invited to an escend Extraordinary General Meeting of Shambolders to be held on 12th February, 1911.30 a.m. at the registered office of the Fund, 14, rae Aldringen, Luxambourg in ord

restore around the noneways.

Amendment of article 8 in order to enable the Board of Directors to adapt the definition of

"U.S. persons" to changes in U.S. Securities law, amendment of article 16 so as to comply
with the requirements of the law of 30th March, 1988 only, amendment of article 21 and
amendment of article 20 in order to enable the amendment of the Articles pursuant to the

emendacent of article 29 in preser to emotic the amendacent of the Articles purement to the provisions provided by Lanambourg law.

Shambolders are beyond informed that this Second Entracedinary General Manting of Shambolders shall validly vote on the points of the agenda no mader what persion of the share expired of the Corporation will be pussent or represented at each meeting save for the amondment of stride 29 which requires an affirmative vote of two blands of all of the shares

Fruzy forms together with the full wording of the proposed unsudates on request at the registered office. In order to be valid proxy forms duly on mixed at the registered office on 11th February, 1992 at the latest.

Fiduciary Issue by Kradietbank S.A. Luxembourgeoise to fund a loan to be made by it to

Istituto per lo Sviluppo Economico

US\$ 150,000,000 Floating Rate Notes due 1994

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the second Interest Period from January 27, 1992 to July 27, 1992 the Notes will carry an interest rate of 4 1/16 % per annum. The Interest Amount payable on the relevant interest Payment

principal amount of Note and US\$ 2,243.40 per US\$ 100,000 principal amount of Note.



GPA Investments B.V. US\$ 20,000,000

Guaranteed Floating Rate Notes due 1995

Guaranteed by GPA Group pie

in accordance with the Terms and Conditions of the Notes, notice is hereby given that for the interest period from -January 27, 1992 to July 27, 1992 the Notes will carry an interest rate of 4.7% per annum.

The interest amount payable on the relevant interest payment date, July 27, 1992 will be US\$ 2,376.11 per US\$ 100,000





TriGem Computer, Inc. (Incompressed with langed betaling in the Septebles of Aurent

NOTICE To the holders of the outstanding U.S. \$30,000,000

3½ per cent. Convertible Bonds due 2005 TriGem Computer, Inc. (the "Bonds" and the "Company" respectively)

NOTICE IS HEREBY GIVEN to the holders of the Bamis that, as a sensult of the issue by the Company to holders of its common stock of a Bonus issue of 864,000 shares and also as a result of the issue by the Company to holders of its common stock and to emphases of rights to subscribe for up to 1,290,000 shares, both events as described in the Notice given to holders of the Bonds on 20th November, 1991; this Conversion Price per share of common stock of the Campany has pursuant to the provisions of the Trust Deed constituting the Bands; been adjusted from W 34,943 to W 26,452 clientive 4th December.

ISVEIMER

dell'Italia Meridionale

Date, July 27, 1992 will be US\$ 224.34 per US\$ 10,000



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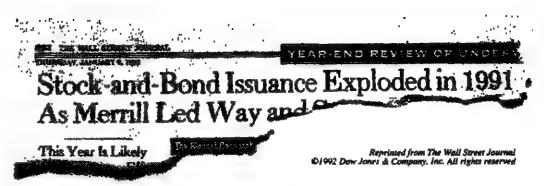
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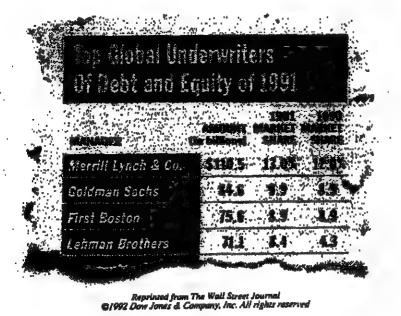
to

The difference between luck and leadership is consistency.

Anyone can have a good month or a great quarter, but it takes a leader to top the mark consistently.

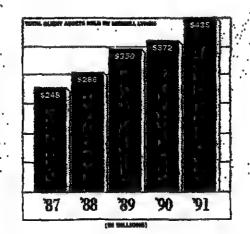
That's especially true when it





comes to raising the capital that fuels free enterprise. For the fourth straight year, Merrill Lynch maintained its lead in U.S. debt and equity underwriting. Worldwide we increased our first-place share, serving as lead underwriter for 13% of new-issue volume, or \$111 billion.

That consistency and leadership may also help explain why so many people entrust their money to us. Assets held in private client accounts worldwide have reached a record high of nearly \$435 billion, far more than our nearest



competitor. Impressive as these figures are, they're more important for the commitment to our clients that they represent. Impressive as these figures are, they're more important for the commitment to our clients that they represent. Impressive as these figures are, they're more important for the commitment.



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INTERNATIONAL COMPANIES AND FINANCE

deal with Scania

CUMMINS ENGINE, the world's largest independent diesel engine producer, and the Scania Division of Sweden's Saab-Scania have reached agreement on the development of a new fuel system for diesel

engines, Reuter reports.

The system will be based on Cummins' high-pressure injection fuel system technol-

The companies agreed to share development and manufacturing of the new system, and intend to use the new fuel contain engines in system in certain engines in the latter part of the 1990s. Scania is the world's third largest manufacturer of heavy

Cummins in diesel | Mexico sells Serfin to Obsa

By Damian Fraser in Mexico City

THE MEXICAN government has sold Banca Serfin, the country's third largest bank, to Grupo Financiero Operadora de Bolsa (Obsa) for \$918m. Obsa, Mexico's largest retail

brokerage measured by branches, paid 8,065 pesos (\$2.62) per share, valuing the bank at 2.69 times book value. The next and only other bid was for \$870m, or 2.55 times book value.

The sale of Serfin puts the proceeds from the 10 bank privatisations so far at more than \$8.1bn, well above government and independent forecasts. The Finance Ministry expects to have sold the eight banks still

All of these securities having been sold, this advertisement appears as a matter of record only

57,500,000 Shares

Chemical Banking Corporation

Common Stock

(par value \$1 per share)

5,750,000 Shares

This portion of the offering was offered outside the United Status by the undersigned.

ABN AMRO Bank N.V.

51.750.000 Shares

This portion of the offering was offered in the United States by the undersigned

Alex. Brown & Sons

Montgomery Securities

Piper, Jaffray & Hopwood

Tucker Anthony

Fahnestock & Co. Inc.

Fox-Pitt, Kelton Inc. Furman Selz Interstate/Johnson Lane

Kemper Securities Group, Inc.

Sanford C. Bernstein & Co., Inc.

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Dillon, Read & Co. Inc.

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Oppenheimer & Co., Inc.

Smith Barney, Harris Upham & Co.

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Yamaichi International (Europe) Limited

Banque Indosuez

Dresdner Bank

Nomura International

Lehman Brothers International

Goldman Sachs International Limited

S.G. Warburg Securities

Enskilda Securities

Barclays de Zoete Wedd Limited

Paribas Capital Markets Group

Goldman, Sachs & Co.

Bear, Steams & Co. Inc.

Lazard Frères & Co.

Donaldson, Lufkin & Jenrette

Keefe, Bruyette & Woods, Inc.

PaineWebber Incorporated

M. A. Schapiro & Co., Inc.

Dean Witter Reynolds Inc.

William Blair & Company

Sutro & Co. Incorporated

Crowell, Weedon & Co.

Edward D. Jones & Co.

Mabon Securities Corp.

Wedbush Morgan Securities

Raymond James & Associates, Inc.

Arnhold and S. Bleichroeder, Inc.

Scott & Stringfellow Investment Corp.

McDonald & Company

Swiss Bank Corporation

County NatWest Securities Limited

in government hands by the middle of this year.

reta, was Imprisoned in February 1989 for trading abuses, its

All the large banks - including Banamex. Bancomer, and now Serfin - have been sold to investors from brokerages. So far, all have formed integrated financial groups, and Obsa, which narrowly lost out when bidding for Bancomer last October, is expected to do the

Obsa was once Mexico's high-flying brokerage, with a market capitalisation of \$2bn at the height of 1987's stock market boom. But in the October 1987 crash its stock price president, Mr Eduardo Legorshare price was just 2 per cent

of the pre-crash peak. Since then, its reputation and market value have recovered, and it is expected to form with Serfin one of Mexico's stronger financial groups. The investors are mainly from the industrial city of Monterrey, and are controlling sharehold ers in Vitro, Mexico's largest industrial conglomerate. Serfin is Mexico's oldest

bank, and has assets of \$22.1bn, 16 per cent of the total held by Mexican banks, 598 branches, and last year profits

By Alan Friedman in New York

Citicorp

unveils new

guidelines

on lending

CITICORP, the largest US bank which is struggling to cut costs and contain loan losses, has introduced a new set of US corporate lending guidelines that aims to improve loan pricing and reduce concentrations in

reduce concentrations in specified sectors.

The new lending guidelines, contained in a 50-page spiral-bound set of photocopied text and graphs known inside the bank as the "blue book", comes in the wake of sharp criticism on Wall Street of the bank's credit policies. credit policies.

Mr Onno Ruding, the former

Dutch finance minister who on March 1 takes over as a new vice-chairman of the bank, will oversee implementation of the new lending policies, which are to be phased in over the next 18 months.

Mr Ruding will have responsibility for Citicorp's corporate banking business, which until recently was known as the Japan, Europe and North America (Jena)

Last year, the Jena division Last year, the Jena division suffered losses of more than \$1bn - nearly four times higher than a year earlier.

At the end of 1991, Jena had \$79bn of total assets, of which \$7.7bn were non-performing loans. The biggest problem area was in US commercial real estate where \$4.8bn of

real estate, where \$4.8bn of the \$13bn loan book was classified as non-performing. Mr John Reed, the Citicorp chairman, has taken personal charge of the US commercial real estate loan portfolio, which is excluded from the new guidelines. The new lending system is intended to cover some \$55bn of US corporate loans.

The new Citicorp guidelines

described inside the bank as

a new portfolio management system — may lead some corporate clients to leave the

The guidelines cover 32 industrial sectors and geographic areas in the US and include a new risk measurement system that is based on a scale of risk from one to 10

one to 10.

The heart of the new credit policy is a loan-pricing matrix that is intended for review on a monthly basis. It requires loan officers to ensure that loans are priced to exceed one of two standards — an "analytical hurdle rate" and a market rate.

The first is based on the cost funds historical volatility of the sector and client and the return to shareholders of the

The second standard is a comparison of the Citicorp loan and the market rate charged by Citicorp's main

Bankers Trust advances to \$137m in final quarter BANKERS TRUST, the New on equity in the found. York banking group.

York banking group, continued to out-perform most of its competitors in the north-east in the fourth quarter of 1991, with an 11 per cent rise in net profits to

Mr Charles Sanford, chairman, sald earnings reached a record in 1991 despite the US recession. He stressed that total bank revenues were 4.5 per cent higher year-on-year. staff numbers were reduced by 9 per cent and non-interest expenses were up by only 3.6

per cent. The bank, which recently announced the departure of Mr Raiph MacDonald, one of the co-heads of its global corporate finance division, said its return

was 18 per cent. Net earnings of \$667m for the whole of 1991 were only \$2m higher than in 1990, while the

bank's return on equity last year was 23 per cent. Although net interest revenues after bad-debt provisions were \$100m lower in 1991 at \$499m, Bankers Trust made up for this with non-interest revenues \$195m higher at \$2.5bn. Foreign exchange trading revenues fell from \$425m to \$272m in 1991, but this was offset by a \$356m rise in the bank's trad-

ing account, to \$357m.

Bad-debt provisions were up
only slightly in the fourth
quarter, from \$75m to \$75m.
For the whole of 1991 bad-debt

provisions rose to \$1336, from \$134m in 1990. On Well Street the Bankers Trust share prior was marked % higher, to \$24%. • Mr Robert Diamond, a senior executive in London in Morgan Stanley, has joined rivel US investment bank (3) First Boston as chief executive of its Far Eastern activities with Martin Diamond in Boston & Comment of the Stanley with Martin Diamond in Boston & York.

York.

Mr Allen Wheat, 43, who has headed the Pacific operations for the past two years, as well as running the firm's derivatives products business. Credit Suize Frouncial Products, will now concentrate on the latter and take responsibility for the bank's worldwide foreign exchange business.

A master of good timing

Robert Gibbens on Bombardier's aerospace forays

ANADA'S Bombardier transport equipment group has assumed a leading role in the world regional airliner and business jet markets through a five-year marathon of astutely-timed

The final step is the recent acquisition of de Havilland Canada (DHC), the Toronto turboprop commuter aircraft builder, from Boeing of the US. Bombardler took over the company of the US. pany after Aerospatiale-Alenia, the French-Italian makers of the successful ATR commuter plane, had their bid rejected on competition grounds by the European Commission.

Bombardier will have to compete against the giants of aerospace as they jostle for position in the growing regional airliner markets. Its strategy, however, is to stay firmly in the 30-to-70 passenger which DHC has people 30 per niche. DHC has nearly 30 per cent of the turboprop sector. Bombardier began its foray into aerospace in 1986 when it bought Montreal's Canadair, caught by a downdraft in the business jet market, from the

Canadian government. It soon took over Short Brothers in Belfast from the British government. This was followed by Learjet in the US, and now DHC.

Mr Laurent Beaudoin and Mr Raymond Royer, chairman and president of Bombardier, were initially reluctant to move their mass transit equipment and snowmobile company into aerospace. But they became more confident with each takeover: they could see how aerospace had the poten-tial to double their business

They have driven hard bar-gains with governments, supand trade unions, and have insisted on guarantees such as those covering losses on past contracts, research and export finance support, job



flexibility and competitive pay in return, Bombardier has offered, among other things,

heavy investment in modern equipment and it has devel-oped a full range of aircraft for vorid murkutu.

The company goes to great lengths to win workforce support, providing full training from shop floor to executive level, and where possible it level, and where possible it keeps existing management.

This strategy is being applied at DHC, where Bombardler has gained 51 per cent ownership and full operating control for CSSIM (US\$43.9M) with the Ontario government.

as a 49 per cent equity partner. The deal is backed by a package of nearly C\$500m in federal and provincial support. Ombardier has

restructure a company with more than 3,000 neers and technicians, at a plant where C\$1bn has been spent on modernisation over the past five years. It has also to fill out the Dash-8 turboprop family to a full 30-70 passenger range - these aircraft are designed for trips of up to 90

minutes. DHC has made about 350 so far. The Canadair 50-passenger Regional Jet, using fan-let engines, is intended for trips of more than 90 minutes. Bomber.

more than 90 minutes. Bomber-dier believes the two product-lines are complementary and can be sold to the same feeder airlines operating within mod-ern hub systems.

Comair, a Delta feeder line in the US and a big user of turboprops, recently gave Canadair a C\$200m order line Regional Jets. Regional Jets.
DHC will add about C\$450m

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to Bombardier's sales in the year ending January 31 1993. It will bring Bombardier's annual

will bring Bombardier's annual aerospace revenues, including defence products, to around CS3bn, out of a total of about CS3bn, including mass transit equipment and enowmobiles. "They're getting a very good plant at minimum risk and their thning is right," said Mr Richard Stoneman, engineer and analyst with Deacon Berclays de Zoete Wedd. They're building critical mass in a single market sector. The aerospherospace products of the sector of the sector. gie market sector. The aero-space cycle can be tricky, but they've shown they can man-

Bombardier's aerospace order book now stands at more than Cabn and its mest aposit equipment backlog is about C\$2.5bn. The company, including DHC, will have a payroll of nearly 30,000 with plants in seven countries, including the UK. France and Beigium. The mass transit subsidiaries in Europe are being meshed in a new holding company.

Bombardier has successfully turned three ugly ducklings of aerospace around and must Bombardier's aerospace

now repeat the process at DHG. The timing, at least, seems favourable. The workforce has given the deal an enthusiastic welcome, and the commercial to be climbing out of its Guif

All of these securities having been sold, this announcement appears as a matter of record only.

8,625,000 Shares



Boise Cascade Corporation

\$1.79 Depositary Shares Each Representing One-Tenth of a Share of Conversion Preferred Stock, Series E (Yield Enhanced Stock - YES™ Shares)* (\$.01 Stated Capital)

(Subject to Conversion Into Shares of Common Stock)

Goldman, Sachs & Co.

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Lazard Frères & Co. Kidder, Peabody & Co.

Salomon Brothers Inc Lehman Brothers

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January, 1992

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January, 1992

'YES is a service mark of Goldman, Sachs & Co.

INTERNATIONAL COMPANIES AND FINANCE

Chemicals group puts its house in order

Ronald van de Krol looks at plans to restructure Akzo into a more cohesive unit

R-Aarnout Loudon, the chairman of Akzo, has embarked this mouth on the final and probably the most radical place of his five-year-old mission to foster greater unity at the Durch chemicals group.

In many ways, his plan for a drastic reorganisation of Atro's structure, unveiled in a Arasis: reorganisation of Arasis structure, unwelled in a massage to staff on January 8, also marks the effective completion of the merger which created the company 23 years

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DOWN DICKERS

As part of the reorganisa-tion scheduled to be completed by the end of May 1993. Alzo is to strop the layer of manage-ment which separates its head-quarters in Arnhem from its 40 business units. The company, histoss units. The company, which had turnover of FI 1725bs (\$8.6bs) and net profit before extraordinary items of FI 716m in 1990, is active in fields ranging from fibres, coatings and pharmacuticals to speciality chemicals, basic chemicals and sali.

The restructuring will be

cais, passe cusmicals and saif.

The restructuring will be
accomplished by merging
Also's headquarters staff with
the staff of its five divisions.
The divisions will then be divisions. A STATE OF THE PARTY OF THE PAR The divisions will then be eliminated, ensuring that the company's 40 business units, to be grouped in four new product-group "clusters" — chemicals, fibres, coatings and pharmacenticals — will report directly to a reversed management

Up to 1,000 jobs could be affected by the decision to move divisional staff from around the Netherlands and neighbouring. Germany to Arnham. The reshuffle comes on top of thousands of job losses resulting from Akzo's continuing cost-cutting programme, particularly in its fibre businesses. The company has a total workforce of 64,000. Mr Loudon, 56, who joined Also in 1969, the year of the merger, and later became its

chairman in 1982, said the com pany's existing structure had proved to be inefficient. It led to communication lines which were far too long, to the risk of misunderstandings, and to the slow execution of decisions,"

Until 1987, Akzo was a loose federation of independent-minded divisions, a legacy of minded divisions, a legacy of the merger which brought together AKU, an international, Dutch-based fibres group, and KZO, a wide-ranging domestic chemicals, pharmaceuticals and salt concern. Soon after the merger, Akzo was plunged into the fibres crisis of the 1970s, preventing the newly-formed group from coming to grips with the inefficiencies of its corporate structure. Then, under Mr Loudon in the early to mid-1980s, Akzo made a series of big acquisitions, many of them in the US, leaving little time for internal matters.

Since 1987, however, Akzo has tried to concentrate foremost on putting its own house in order. An internal and external "corporate identity" campaign was launched, an exer-cise which included the fashioning of a new logo - a stylised figure of a man holding his arms outstretched above the company's name. Once-proud names of group subsidiaries, such as Enka in the field of fibres and Sikkens

in paints, were replaced by the Akso name as part of efforts to create a single corporate cul-Mr Loudon said his latest reorganisation, which follows the decision in 1989 to intro-duce dozens of business units within the divisions, is bound to enhance profitability at Akzo, though he said it was impossible to quantify the improvement in terms of bot-

tom-line results.

He denied that the organisa-



upturn in the US economy and

a firmer dollar. Another factor,

however, was Mr Loudon's simultaneous announcement

Akzo has said an analysis of

its weaknesses and strengths showed that its strongest busi-

ness units, such as pharmaceu-ticals and chlor-aikali prod-

ucts, generated 80 per cent of

Asynout Loudon: fostering greater unity

to a downturn in Akzo's shares is partly the result of results in 1990 and 1991. "Our expectations that the company motivation is the deaire to stands to benefit from an results in 1990 and 1991. "Our motivation is the desire to shorten the lines of communication with our business units and is entirely unrelated to developments in the chemicals industry in 1991," he said. Fig-ures for 1991 are scheduled to

be released on February 26. Mr London's speech to staff was well-received on the Amsterdam bourse, where Akzo's shares have risen by nearly 8.5 per cent since January 8 to around Fl 138.00, outstripping the market's gain of roughly 6 per cent over the

The buoyancy of Akso's

histocz

Ford Motor Company

MBNA Corporation

Telecom Corporation

EXIO, Limited

Elsevier NV†

Teléfonos de México, S.A. de C.V.

RJR Nabisco Holdings Corp.

Grupo Televisa, S.A. de C.V.

of New Zealand Limited? Elf Enterprise Petroleum Ltd.

The Reader's Digest Association, Inc.

The Goodyear Tire & Rubber Company

LVMH Moet Hennessy Louis Vuitton?

LVMH Moet Hennessy Louis Valton?

The Bank of New York Company, Inc.

Owens-Corning Fiberglas Corporation

National Power FLC & PowerGen plc

Smith's Food & Drug Centers, Inc.

Carnival Cruise Lines, Inc.

Credito Italiano S.p.A.

Mellon Bank Corporation Knight-Ridder, Inc.

American Greetings Corporation

Household International, Inc.

Airborne Freight Corporation

Dell Computer Corporation

The Kroger Co.

CTBA-GEIGT AG

Tate & Lyle pic

BWIP Holding, Inc.

Télévision Française 11

Société Nationale Elf Aquitaine *

Colgate-Palmolive Company

PNC Financial Corp

Destec Energy, Inc.

AMR Corporation

Novo Nordisk A/S

Shopko Stores, Inc.

Rogers Cantel Mobile Communications inc.

Texas Utilities Company

The Chubb Corporation

First Union Corporation

Freeport-McMoRan Inc.

Santa Fe Pacific Corporation

MGIC Investment Corporation

Safeway, Inc.

leish Life old

Banc One Corporation

operating profit on just 45 per cent of turnover. The middle range of activities, encompass-ing industrial fibres, among others, accounted for 25 per cent of operating profit and 40 per cent of turnover.

However, the weakest of Akzo's businesses, accounting for 16 per cent of turnover, ware persistently loss-making on balance. So far, Mr Loudon said, half

so far, air Loudon and, haif of this category had already been removed from Akzo's books, through plant closures, outright divestments — such as the sale of the group's majority stake in Spanish fibre company La Sada de Barcelona - or through an exchange of assets with fellow Dutch chemicals group DSM. In mid-1981, Alzo agreed to swap its engineering plastics activities for DSM's powder coatings busi-

Ness. Since late 1989, Akzo has Since late 1989, Alizo has pursued a more restrained acquisitions policy compared with the mid-1980s, and this will continue. "But, of course, things are never black-and-white, for either a company or for a person." Mr Loudon said. "If a strategic acquisition comes our way, we will look at it very seriously."

Recent examples of strategic takeovers are Alizo's purchase of a US tyre yarn plant from

of a US tyre yarn plant from Goodyear and its acquisition of Macpherson, a leading UK paint manufacturer.

On the whole, however, Akro's attention for the next couple of years will clearly be focused not on takeovers but

that Akzo planned to divest more of its weakest operations and that it might seek partner-ships for some other activities which have reasonably strong, or potentially strong, markst focused not on takeovers but on reshaping its internal struc-ture, a project which is likely to be Akzo's last big overhaul for the rest of the 1990s.

The reorganization will also

be Mr Loudon's last. Due to retire by 1996, he has made clear that he will probably leave earlier, but not before Akzo has finally been reshaped into a more cohesive unit.

Public lifts pre-tax profit 28% to M\$164m

By Lim Slong Hoon in Kuala Lumpur

PUBLIC, Malaysia's fourth largest domestic bank, has

largest domestic bank, has reported a 28 per cent rise in pre-tax profit to M\$164m (US\$63m) last year from Hinten in two.

The group, which has interests in stockbroking and finance, has been active abroad for the pest two years, with acquisitions and investments in a finance company in Hong Kong. 40 per cent of Bancorp in New Zealand and ventures in Sri Lanka and Victoria.

It marked its 25th anniver-sary with a 36 per cent improvement in turnover to MSLOSbu from M753m, Attributable profit was 38

Attributable profit was 38 per cent higher at M\$100m, giving a 12 per cent return on equity capital and carnings per share of 9.1 cents, compared with 7.4 cents.

Public rulsed its dividend payout 7 per cent to M\$30.6m, or 4.25 cents a share.

Group assets were 39 per cent higher at M\$13.6m, while deposits rose by 40 per cent to

deposits rose by 40 per cent to M\$12.1bm and by 28 per cent in loans to M\$6.2bm. Shareholders' equity stands at M\$838m.

Eon in M\$31m expansion

EDARAN Otomobil National (Em), the sole Malaystan Pro-tom car distributor, will buy land and a stockbroking company for a combined M\$31.5m (US\$11.9m), writes Lim Slong

The group, 48 per cent owned by the government, this month expanded its capital base by 18 per cent to M\$220m.

Toyota Motor to offer non-recourse financing to dealers

TOYOTA Motor, Japan's largest car-maker, is expanding the operations of its fast-grow-ing finance subsidiary by offer-ing non-recourse financing to

Toyota dealers in Japan. Toyota said yesterday Toyota Finance Corporation would begin purchasing credits on vehicle instalment pay-ments from Toyota dealers and guarantee customer payments by the end of the year. Since operations began in 1989, Toyota Finance has confined Toyota Finance has confined its business to lending money to Toyota dealers, who take vehicle loans on to their books and administer the loans.

The expansion of Toyota Finance's business is a reflection of changes in the financial and vehicle marketing environand vehicle marketing environ-ment, but it also represents an important step in the growth of a business with huge potential. Toyota Finance will begin accumulating a large databank on Toyota customers that will put it in position to move into other consumer financial ser-vices - from credit cards and consumer loans to insurance. Some of these ideas are under consideration by the Toyota management, although no

plans have been fixed.

A senior Toyota Finance executive said yesterday he

expected Toyota Finance would become a major part of Toyota's business in the future, along the lines of the General Motors Acceptance Corporation, the finance arm of General Motors.

Toyota said the offering of non-recourse finance was demanded by its dealers who, because of Japan's labour shortage, are having difficulting managing the administra-tion of loans. The Bank of International Settlement capi-tal adequacy requirements were also forcing banks to seek more profitable business, such as consumer finance. Toyota would have to other smaller ser

vices to compete. Toyota Finance now has about Y650bn (\$5.27bn) in annual transactions, and it expected to have about Y200bn of annual transactions in non-recourse finance in about three

The company had Y403.7bm of outstanding loans at the end

of last June.

Although Toyota Motor, a cash-rich company, provided initial funds for Toyota Finance, Toyota Finance is mainly dependent on bank loans for its operations and loans for its operations, and expects to end entirely any use of intra-company funding.

Suzuki Motor expansion

SUZURI Motor, the Japanese maker of small cars, is to expand production in India and Pakistan, AP-DJ reports from

Tokyo. In India, Suzuki will increase its stake in Maruti Udyog, the car-maker's joint venture with

per cent from 40 per cent by acquiring newly-issued stock

for Rs220.4m (\$8.5m). With the latest move, Maruti Udyog will expand production facilities to an annual capacity of 200,000 units from 130,000 now.

In Pakistan, passenger car production will start in late Pebruary at a plant at Pak Suzuki Motor, a joint venture between Suzuki and the Pakistani government.

IBM Australia in red for first time

By Bruce Jacques in Sydney

IBM Australia, offshoot of US computer group international Business Machines, has plunged into the red for the first time in its 60 years of operation in Australia. The company reported it had turned a A\$241m (US\$185.3m) profit into a A\$388m loss in 1981 on a near-A\$500m slide in revenue to A\$1.34m from A\$1.95m.

The result forms part of a US\$2.8m loss reported earlier by the US group. the parent has injected A\$200m into the Australian offshoot,

the first such support package the nost sten support pectage since the early 1950s.
Mr Brian Finn, IBM Australia managing director, said the injection was needed because the Australian company was not generating enough cash and become it needed to maintain balance sheet ratios to have the date parties.

hold its debt rating.
The loss reduced sharehold-srs' funds at December 31 to \$200m from A\$386m and total assets to A\$1.79bn from

Mr Finn said that widely-defined capital spending, which rose to A\$401m from A\$362m, would probably increase again in

1902 He confirmed that IBM Australia expected to complete a 25 per cent staff reduction which would see 1,200 February, mainly through voluntary redundancies. This was expected to cut

full year.
"We don't intend to incur a second loss in succession." Mr Finn said.

"But we are not expecting economic conditions to improve in 1992. And when you minrove in 1982. And when you can't get your revenue up, you have to cut costs."

The latest result was before a tax credit of A\$142m, against an expense of A\$106m previously.

The company's revenue per amployee fell to A\$385,000 from A\$462,000.

Rio Algom shelves disposals

By Bernard Simon in Toronto

RIO ALGOM, 51 per cent owned by Britain's RTZ, has stalved plans in sell its metals distribution, subsidiaries in North America and Australasia. after failing to attract acceptable offers.

The businesses, which had 1990 sales of C\$743m (US3640.5m), were put on the block last February as part of Rio Algom's strategy of focus-

ing on mining.

But the Toronto-based company said yesterday the unexpectedly protracted recession had "affected the level of interest of prospective purchasers".

not meet its objective of enhan-cing shareholder value.

Mr Colin Macaulay, Rio Algon's chief executive, said the delayed economic recovery had "significantly altered

investment plans of potential buyers in North America and internationally". Rio Algon declined to identify the bid-

Alloys in Canada, Vincent Met-als in the US, and Atlas Steels in Australia and New Zealand.
They posted a combined operating profit of C\$37.3m in 1990, but Rio Algom's third-quarter 1991 report said earnings had been dented by the recession. • NOVA Scotia has put its

C\$2bn in public money since being acquired by the province from the former Hawker Canada group in 1968.

Swire Pacific chief steps down

By Simon Holberton in Hong Kong

aviation, property and trading group, will step down in May and will be succeeded by his deputy, Mr Peter Sutch, the company announced

Mr Gledhill, 57, has been chairman of Swire, a company controlled by the Swire family and a leading "hong" in the colony, for the past four

He said last night that by the time he retires he will have exceeded the company's policy of retiring senior executives at 55 by two-and-a-helf years.

"We have a policy of bringing younger people on in the company and my time has

Authoring County GREEN Machene the company, and my time has come," he said. Mr Sutch, 47, in addition to

> Pere-6 11 1

The businesses operate under the names of Atlas

loss-making Sydney Steel rail mill up for sale, following a C\$275m modernisation.

Sysco, on Cape Breton island, has absorbed nearly

MR DAVID GLEDHILL, chairman of Swire Parific, the being deputy chairman of the Swire group, is currently chairman of Cathay Pacific Hong Kong's international airline He joined Swire in 1966. Analysts in Hong Kong expected little change in the running of Swire under Mr

Given his age, however, Mr Sutch could expect to preside over Swire in the run-up to 1997 - and possibly beyond -when China regains sovereignty over Hong Kong from the British.

Analysis said that although the airline has been suffering in line with other international carriers during the current world downturn, Swire's property investment and industry divisions have been

We'd Like To Thank These Companies For Choosing Us To Lead Manage Their Equity Offerings

In 1991, we served as lead manager or global coordinator for a record \$23 billion in equity transactions on behalf of our issuing clients. Global transactions that drew on our sales, trading and research expense to reach a worldwide base of investing clients. Transactions that earned us the leading market share in both U.S. and international equity issuance. And most importantly, transactions that assisted both our new and long-standing clients in meeting their financial objectives.

Equity Issues Lead Managed by Goldman Sachs in 1991 (U.S. Dollars in Millions)

Description of Transportion	Global Dollar Amount	lamer
Description of Transaction		
Convertible Preferred Stock	\$2,300.0	Eastman Kodak Com
Giobal Offering of Ordinary Shares	2,173.2	
and American Depositary Shares	4 200 0	McDermon Interpubli
Common Stock	1,295.8	Best Buy Co., Inc.
Initial Public Offering of Common Stock	917.8	Royal Appliance Mig.
Global Offering of Rule 144A	862.5	Source Perriert
American Depositary Shares,		Republic of Austria
Global Depositary Shares, and Series L Shares	WITE	Affymer N.V.
Global Offering of Ordinary Shares	817.9	AntoZone, Inc.
and American Depositary Shares	742.0	Health Management
Euroexchangeable Offering; Joint Lead	714.7	Picture l'el Corporation Filenc's Basement Co
International Offering of Ordinary Shares	/14./	Manufacturers Hanov
and American Depositary Shares	665.0	Morrison Knudsen C
Class A Non-Voting Common Stock Initial Public Offering of Ordinary Shares	630.5	Pliene's Basement Co
Block Trade	616.0	PT Indocement Tuog
Common Stock	600.0	United Technologies
Global Offering of Ordinary Shares and	464.6	Advanced Telecommi
American Depositary Shares	704.0	Corporation
Common Stock	460.0	William Low & Comp
Common Stock	441.2	Atlantic Energy, Inc.
Common Stock	370.9	Wellfleet Communica
Common Stock	358.8	Technology Solutions
Initial Public Offering of Common Stock	345.0	Lechters
Global Offering of Ordinary Shares	327.3	Boston Edison Comp
Block Trade	304.0	Read-Rite Corporation
Common Stock	301.9	Chilirs, Inc.
Convertible Subordinated Notes	296.5	Sybase, Inc.
Common Stock	290.6	Heilig-Meyers Compa
Block Trade	280,0	Refuge Group PLC†
Initial Public Offering of Common Stock	276.0	Cytel Corporation
Managed Rights Offering	264.0	General Physics Corp
Initial Public Offering of Common Stock	256.8	PictureTel Corporatio
Global Initial Public Offering of	255.0	Tecnol Medical Produ
Class B Subordinated Voting Stock	300.1	Health Management /
Common Stock	250.1	Lechters
Convertible Subordinated Debentures Euroconvertible Offering: Joint Lead	250.0 250.0	Komag, Incorporated The Penn Traffic Com
Common Stock	242.6	Wisconsin Central Tr
Simultaneous Rule 144A Offering and	230.0	Corporation
Euroconvertible Offering of Conventible	2,000	Soft Warehouse, Inc.
Junior Subordinated Debentures		Smithfield Foods, Inc.
International Privatization Offering of	209.0	Mobile Telecommunic
Bule 144A American Depositary Shares		Technologies Corp.
Class B Common Stock	201.0	British Bio-technolog
Class A Common Stock	194.1	TWC Resources Corpo
Rule 144A Offering of Convertible	170.0	The Business Depot L
Subordinated Debentures		Cencom of Alabama, 1
Global Offering of Ordinary Shares	162.0	
Common Stock	153.8	
Common Stock	152.3	
International Offering of Bonds with Warrants	150.0	
Class A Common Stock	140.4	
International Offering of Bonds with Warrants	121.0	
Common Stock	117.5	
Initial Public Offering of Class A Common Stock	116.0	
Convertible Subordinated Debentures	115.0	
Block Trade	1120	
	111 4	

		Global Dollar
Ismer	Description of Transaction	Amoun
Eastman Kodak Company	Rule 144A Offering of Zero Coupon Exchangeable Senior Debentures	109.5
McDermon Interpational, Inc.	Common Stock	106.1
Best Buy Co., Inc.	Common Stock	103.5
Royal Appliance Mfg. Co.	Initial Public Offering of Common Stock	100.7
Source Perriert	Block Trade	100.0
Republic of Austria	Stock Indexed Growth Notes	100.0
Affymer N.V.	Initial Public Offering of Common Stock	920
AntoZone, Inc.	Initial Public Offering of Common Stock	86.0
Health Management Associates, Inc.	Class A Common Stock	85.2
PictureTel Corporation	Common Stock	82.8
Filene's Basement Corp.	Common Stock	82.7
Manufacturers Hanover Corporation	Block Offering	R2.0
Morrison Knudsen Corporation	Common Stock	81.1
Fliene's Basement Corp.	Initial Public Offering of Common Stock	HO.U
PT Indocement Troggal Prakarsa	Euroconvertible Offering	75.0
United Technologies Corporation	Zero Coupon Pharmaceutical Exchange Notes	75.0
Advanced Telecommunications	Common Stock	73.2
Corporation		
William Low & Company PLC†	Block Trade	71.0
Atlantic Energy, Inc.	Common Stock	69.0
Wellfleet Communications, Inc.	Initial Public Offering of Common Stock	68.4
Technology Solutions Company	Initial Public Offering of Common Stock	65.3
Lechters	Euroconvenible Offering	65.0
Boston Edison Company	Common Stock	61.8
Read-Rite Corporation	Initial Public Offering of Common Stock	58.0
Chili's, Inc.	Common Stock	57.1
Sybase, Inc.	Common Stock	57.1
Hellig-Meyers Company	Common Stock	55.2
Refuge Group PLC†	Block Trade	52,0
Cytel Corporation	Initial Public Offering of Common Stock	52.0
General Physics Corporation	Initial Public Offering of Common Stock	520
PictureTel Corporation	Initial Public Offering of Common Stock	47.7
Tecnol Medical Products, inc.	Initial Public Offering of Common Stock	47.4 46.9
Health Management Associates, Inc.	Initial Public Offering of Class A Common Stock	46.7
Lechters	Common Stock	44.9
Komag, Incorporated	Common Stock Common Stock	43.3
The Penn Traffic Company Wisconsin Central Transportation	Initial Public Offering of Common Stock	39.8
Corporation	HIRDI PROBE CHEINING OF CONTRIBUTION OWN	31.0
Soft Warehouse, Inc.	Convertible Preferred Stock	28.0
Smithfield Foods, Inc.	Common Stock	26.6
Mobile Telecommunication	Common Stock	24.5
Technologies Corp.		
British Bio-technology Group pic	Preferred Ordinary Shares	19.7
TWC Resources Corporation	Common Stock	17.0
The Business Depot Ltd.	Convenible Preferred Stock	13.6
Cencom of Alabama, L.P.	Partnership Units	11.0
•	TOTAL	\$23,862.6
	New York London Tokyo	man

Boston Chicago Dallas Frankfurt Hong Kong Houston Los Angeles Memphis Miami Montreal Paris Philadelphia San Francisco Singapore Sydney Toronto Zurich



* Goldman Sachs served as global coordinator.

These block transactions were completed on behalf of their parties.
Issued by Goldman, Sachs & Co. and approved by Goldman Sachs Interactional Langed, a member of The Securities and Futures Authority.

Common Stock

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange trounded) against four key currencies on Monday, January 27, 1992. In some cases the rate is nominal. Market rates are the average of truying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied ESTG USS D-MARK YEN E STG US S D-MARK YEN COUNTRY

US S D-MARK TEN COUNTRY

		4 Siu	n2 3	D-MINKS	(X 100)	COUNTRY		1 314	03 3	D-IMANA	CX 100)	COUNTRI	0 3.4	333	U-101-41114	(X 100)
Afghanistan		99,25	55.8682 5.7029	34 3517	44.5566	Grana	(Cedi)	698,685	393 293	243.232	313,663	Pakistan Pak, Rupee		24.6882	15 2684	19 6896
Algeria	(Lek) (Dinar)	10.1313 38 5419	5.7029 21 6954	34 3517 3 5269 13 4175	44,5566 4,5482 17,3027		(Glb £) (Drachma)	1.00 331.20	0.5629 186.434	0.3481 115.3	0 4489 148,687	Papua New Guinea (Kina	1.7140	0 9648	0.5966	0 7975 0 7694
Andorra	(Fr Fr)	9 7800 180 95	5 5052 101 858	3 4046 62 9939	4.3905 81.2345	Grenada	ich Krunni (E Carr S)	11 0725 4.8222	6 2327 2.7144	3.8546 1.6787	4 9708 2 1648	Peru (New Sol	1 7300	1424.02 0 9738	880.689 0 6022	1135.7 0 7766
Angela	(Nowanian)	344.43	193 881	119 906	154,626 2,1648	Guadaloupe Guarr	(Local Fr) (US \$)	9.7800 1.7765	5 5052 1	3 4046 0 6184	4 3905 0 7975	Prittagne Peso Prittagn is 18 Sterling		25 7943 0.5629	0.3481	20.5718 0 4489
Antigua Argentina	(E Carr \$) (Australi)	4.8222 1.7695	2.7144 0 996	0.616	0 7943	Guatemala Guinea	(Quetzai) (Fr)	9 0482	5.0932 816 634	3 1499 505.048	4 062 651 291	(NZ S	131775	1.8675	1,1549	1 4894
Aruba Australia	(Floring	3.1969 2.4090	1,7995 1,356 11 3509	1.1129 0.8386	1.4351	Guinea-Bissau	(Peso)	8930.00	5026,74	3108 79	4008.98	Poland (Zloty Portugal (Escudo	247 00	11500 1 139 037	7112 27 85 9878	9171 72 110.687
Austria	(Schilling) (Port Escuso)	20 165 247.00	11 3509 139 037	7.02 85.9878	9 0527 110.887		uyanese S)	216.57	121.908	75.3942	97.2255	Puerto Rico (US S Qatar (Riyal		3 6635	0,6184 2,2657	0 7975 2.9217
Bahamas	(Bahama S)	1 7765	1	0.6184	0.7975		(Goude) (Lempira)	8 9300 9 7206 13.8375	5.4717 7.7891	3 1087 3.384	4 0089 4 3639	Reunion is de la (F/Fr Romania (Leu	7.7800	5.5052	3 4046 121,42	4,3905
Balwain Balearic is	(Dinar) (Sp Peseta)	0 6741 180.95	0.3794 101 858	0 2346 62 9939	0.3026 81 2345	Hong Kong Hungary	(HK 5) (Farint)	13.8375	7 7891 78.0354	4 8172 48 261	6.2121 62.2356	Rwanda (Fr	215 40	196.33 121.25	74,9869	156 579 96,7003
Bangladesh Barbados	(Taka) (Barb S)	67.5297 3.5922	38.0127 2.022	23,509 1,2505	81 2345 30.3163 1 6126		iic Krona)	103 82	58.4407	36 1427	46.6063	St Christopher (E Carr S St Hefena (E	4 8222 1 00	2.7144 0.5629	1 6787 0 3481 1 6787	2.1648 0.4489 2.1648 4.3905
Berglum Berlze	(Belg Fr) (B \$)	59 05 3.5720	33 2395 2 0106	20.557 1 2435	26.5095 1 6035	Indonesia	(Rupiak)	46.3434 3604.70	26.0863 2029.1	16 1331 1254.9	20 80 46 1618.27	St Lucia (E Carr S St Pierre (Freich Fr		2.7144 5.5052	1.6787 3.4046	2.1648 4.3905
Benin	(CFA Fr) Bermudlan S)	489.00 1 7765	275.26	170 235 0 6184	219.529 0 7975	Iran	(Riai)	3604.70 2563.00v	1442.72 65.3532	892 254 40 4177	1150 62 52 1212	St Vincent (E Carr S San Marino (Italian Ura	4.8222 2154.50	27144 171278	1 6787	2.1648 967.228
Bhulan Bolivia	(Ngultrum) (Bolhriano)	46.3424 6.7154	26 0863 3.7801	16.1331 2.3378	20 8046 3 0147	Iraq	(Punt)	1.0775	0.3341 0.6065 2.3321	0.2066 0.3751	0.2664 0.4837	Sao Tome (Dobra Saodi Arabia (Riyal	428.64 6 7055	241 283 3 7745	750.044 149.222 2.3343	192.431 3 0103
Sotswana Brazil	(Pula) (Cruzeiro)	3.7774 2249.55	2.1263	1.315 783 133	1.6958	Israel Italy	(Shekel) (Lira)	4.1430 2154.50	2.3321 1212.78	1 4422 750.044	1.8599 967 228	Sonopil (CFA Fr	489.00 9.1647	275.26 5 1588	170 235	219 529 4 1143
Brunel Bulgaria	(Brunei S) (Lev)	2.9140 32.24	1266.28 1.6403 18 148	1.0144	1009 9 1.3081 14,4736	Jamaica (Ja	maican \$1	34.6175	19.4863	12 0513	15.5409	Sierra Legne (Legne Singuagore (S	749 40 2 9140	421 841	3 1904 260.888 1 0144	336 431 1.3081
Burkino Faso Burma	(CFA Fr)	469 00 10 7573	275 26 6.0553	170 235	219.529 4.8293	Japan Jordan (Jordani	(Yen) lan Dinar)	222.75 1.2019	125.387 0.6765	77.5456 0.4184	100 0.5395	Solomun it (S Somali Rep (Shilling	5.0170	1.6403 2.824 2634.01	1,7465 1629 01	2.2523 2100 7
Burundi	(Burundi Fr)	346 25	194 906	3 7449 120 54	155 443	Кепуа (Кепуа	Shilling	51.0517	28,7428	17 776	22 9233	South Africa (Rand	5.0033c	2.8163	1,7417	2.2461 2.5762
Camboé la Cameruon	(Riel)	1339.50 489.00	754 01 I 275.26	466.319 170.235	601.347 219.529	Korea North	(Won)	2.4090 1.7324	1.356 0.9751	0.8386 0.603	1 0814 0 7777	Spain (Peseta)	5 7385q 180 95	3 2302 101.858	1 9977 62 9939	2.5762 B1 2345
Canada Canary is	(So Person	2.0840 180.95	1.173 101 858	0.7255 62.9939	0.9355 81 2345	Korea South Kuwaii, (Kuwa	(Won) (veniC ljij	1373 425 0 52195	773 107 0.2937	478.129 0.1816	616.577 0 2342	Spanish Ports in W Africa Sp Process	180 95	101 858	62,9939	
Cp. Verde Cayman is	(CV Escudo) (CI S)	125.0111	70.3693 0.8344	43 5199 0.516	56 1217 0.6654		New Kip) banese D	1259.13 1572.70	708.77 885 28	438 339 547.502	565.266 706 038	Sri Lanka (Russe)	75.9798	42.7693	26.4507	81 2345 34.1098
Cent.Afr. Rep Chad	(CFA Fr)	489.00 489.00	275.26 275.26	170.235 170.235 222.757	219.529	Lesotho	(Majuti) (berlan S)	5.0033	2.8163	1 7417	2.246I 0.7975	Surinami (Gulider)	26.7900 3 1880 5 0033	15 0802 1 7945	9.3263 1.1098 1.7417	12.0269 1.4312 2.2461
Chile (C	hilean Peso"; aminbi Yuan)	489 00 439 87 7 7891	275 26 360.186 5.5103	3.4078	219 529 287.259 4.3946	{Libya (Liby	an Dinar) Swiss Fr)	0 4924 2 5525	0 277 î 1.4368	0 1714 0 8885	0.221 1 1459	Swaziland (Lilangen): Sweden (Krona)	10.4250	2.8163 5 8682 1 4368	3.6292	4.6801
Comoros	(CFA Fr)	1112.54 489 00	626 254 275 26 275.26	397.307 170.235 170.235	499 457 219,529	Lozembourg	(Luz Fr)	59 05	33 2395	20 557	26.5095	Switzerland (Fr) Syria (E)	2.3525 37.5060	1 4368 21 1122	D 8885 13.0569	1 1459 16 8377
Congo (Braz	(Coion)	489 00 242.01	136.679	170,235 84,5291 170,235	219.529 109 006	Macao Madagassar	(Pataca) (MG Fr)	14 3159 2900.75	8.0584 1632.85	4.9837	6.4268 1302.24	Taiwan (Si Tanzania (Shilling)	44.85 415.0664	25 2462 233,643	15.6135 144.497	20 1346 186 337 20 3312
	(CFA Fr) (Cuban Peso)	489.00 1_3527 0.0000	275.26 0.7614	0.4709 0.2812	219.529 0.6072 0.3627	Madeira (Por Malawi	1 Escudo) (Kwacha)	247.00 4.8401	1632 85 139 037 2 7245	85.9878 1.6849	110 887 2.1728	Thalland (Baht) Topo Ren (CFA Fr)	415 0664 45 2878 489 00	233,643 25,4927 275,26 1,356	144 497 15 7659 170.235	20 3312 219 529 1 0814
Cyprus Czechoslovaki	(Cyprus E)	51.214	28.8263	17.8276	22.9898	Malaysia Maldive is	(Ringgit)	4 7330 18 90 48	2.6642 10.6415	1.6476 6.5813	2 1248 8 487 219.529	Tenga is (Pa Anga) Trinidad/Tobago (Si	2.4090 7.5905 1.6185	4 2727	0.8386 2.6424 0.5634	3.4076
		11.0725	27 7962 6 2327	3,8546	4.9708		(CFA Fr)	489 00 0.5680	275.26 0.3197	170.235 0.1977	D 2549	Turkey (Lira)	9/56.28	0.911 5491.85	0,5634 3396.44 0 6184	0.7265 4379.92
Denmark (Da Djibouti Rep	(D)Uh Fr) (E Carrib S)	315 99 4 (222	177 872 2.7144	110.005 1 6787 7.803	141 859 2 1648	Mauritania (Local Fr) (Dugulya)	9 7800	5.5052 81 8855	3 4046 50 6421	4.3905 65.3062	Turks & Calcos (US S) Tuvalo (Australian S)	2 4090	1.356	0 8386	0.7975 1.0814
Dominica Continican fo	e IDFee	22.4143	12.6171		10 0625		ur Rupee) can Peso)	27.00 5498.20a	15 1984 3094 96	9,3994	2468.33	Uganda (New Shilling) U A E (Dicham)	1745 01 6.5665	982,274 3 6963	607,488 2,2859	783.394 2.9479
Ecualor	(Spery)	2281.880 2387.21a	1284.48	794 388 831 057	1074 41	Minuelon (Local Fr) rench Fr)	9 7800 9.7800	5 5052	3,4046 3,4046	4.3905 4.3905	United Kingdom (£) United States (US S) Uruguay (Peso)	1.00 1.7765	0.5629	0.3481	0 4489 0.7975
Egypt El Salvador	(Egyptian £)	5.9000 14.3108	5.3211 8.0556	2.0539 4.982	2.6487 6.4246	Moogo/la	(Tugriki) E Carr S)	75.01 4 8222	5 5052 42 2234 2.7144	26 1131 1.6787	33.6745	Uruguay (Peso) USSR (Rouble)	4574.32 1 01720	2574.91 0.5725 111 162	1592.45 0.3541 68.7484	2053 57 0.4566 88.6554
Espare Gurna. Ethiopia (Etl		489.00 3 6713	2.0665	170 235 1 278	219.529 1.6481	Morocco	(Dirham) (Metical)	13-36 3356 70	8.5899 1889.5	5 3124 1168 56	6.8507 1506 94	Vanoaru (Vatu)	197.48m	111 162	AG 1835	88.6554 89.1133
Falkiana is	(Falk D	1.00	0.5629	// 34A)	0.4489		A Rand)	5 0033	2.8163	1,7417	2.2461	Vatican (Lira) Venezuria (Belivar)	198.50 2154.50 108.0879	111.737 1212.78 60.8431	750 044 37.6285 7336.74	89.1133 967.228 48.5243
Farce is (Da Fiji is	(FI): \$}	2.6630	0.5629 6.2327 1.479	3 8546 0 927	1.1955		trallan \$)	2.4090 76.26	1 356 42 9271	0 8386	1 0814 34.2356	Virginiam (Dong) Virgin Is-British (USS)	21074 80 1.7765	60.8431 11863.1	0.6184	9461.19
Finland France	(Markin) (Fr)	7.8153 9.7800	4.3993	2.7207 3 4046 170.235 3 4046 61.5073	3.5085 4.3905	Netherlands	(Gulider) /Gulider)	3 2300 3 1969	1 8181 1.7995	26.5483 1.1244 1.1129	1.45	Virgin is-US (US S)	1 7765	2 4000	0.6184	0.7975
Fr Cty/Africa Fr. Guiana	(Local Fr)	489.00 9.7800	275.26 5.5052 99.4539	170.235 3 4046	219 529 4,3905	New Zealand Nicaragua (Gold	(NZ S)	3.31775 8.9300	1.8675 5.0267	1 1549 1 1087	1.4894	Western Sampa (Tala) Yernen (Rep of) (Rial)	4 3141 23.1287 0.8305	2.4284 13 0193	1.5018 8.0517	1.9367 10.3832 0.3728
Fr. Pacific is	(CPP FF)	176.68			79.3176	Niger Rep Nigeria	(CFA Fr) (Naira)	489.00	275 26 9.4804	170 235 5.8631 3.9181	219.529 7.5609	Yemen (Rep of) (Dinar) Yugoslavia (Dinar)	0.8305	0 4674 104 974	0.2891 64.9214	83 7203
Sanon Cambia	(Datasi	#09.00 15 8775	275.26 8.9375 1.6169	170.235 5 5274	219.529 7.1279	Norway (No		16.8420 11.2550	6.3354	3,9161	5.0527	Zaire Rep (Zaire) Zambia (Kwacha)	147650.00	83112.9 91 4866	51401.2 56.5799	66285.1
Cerming	(D-Mark)	15 8775 2.8725	1.6169	i	1.2895	Oman (Ria	(Inant)	0.6684	0.3875	0.2396	0.309	Zimbatiwe (5)	9.0282	5 082	3.1429	4 053

relations to Free rate; (b) Sanknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential Imports; (g) Financial rate; (h) Exports; (l) Non commercial rate; (l) Busing rate; (l) Lucury goods; (m) Market rate; (n) Public transaction rate; (d) Official rate; (g) preferential rate; (g) convertible rate; (r) parallel rate; (l) Currencies fixed against the US Dollar to Floating rate; (3) upoclavia, 25.1 92; Disar destriced by approx. 80pc. (Chile 23 1.92:Pag revalued by approx. 5pc.4USSR-No Some data supplied by Sank of America, Economics Department, London Trading Centre. Enquiries; 071 534 4360/5 Monday January 27, 1992

Only one airline flies daily non-stop from London, Paris and Frankfurt to Tokyo.



A WORLD OF COMFORT

Scudder, Stevens & Clark, Inc.

We are pleased to announce the following appointments effective January 1, 1992:

Managing Directors

Philip S. Fortuna William F. Gadsden Roy C. McKay

Principals

Paul J. Elmlinger John N. Gilbride Robert T. Hoffman Seung Kwak Luis R. Luis

Masahiko Sasaki Eugene Siembieda Anita E. Springer Roger C. Stone Burke M. Walker

SCUDDER



Boston, Chicago, Cincinnati, Los Angeles. New York, Philadelphia, Portland (OR), San Francisco and West Palm Beach Wholly Owned Subsidiaries: London, Tokyo and Toronto

SWEDBANK

(SPARBANKERNAS BANK)

¥3,300,000,000

75/aper cent. Nikkei-Linked Notes due 1993 (the "Notes")

Notice is hereby given to Noteholders that pursuant to the Terms and Conditions of the Notes, the holders of the Notes will have the option to have such Notes redeemed on 27th April, 1992 by SWEDBANK at a redemption price which will be published on or after 26th March, 1992.

To exercise such option, the holders must deposit their Notes (together with unmatured coupons and a completed request for redemption in the form available from any Paying Agent) with any of the Paying Agents, at the addresses mentioned on the Notes between 27th February, 1992 and 28th March, 1992 (both dates

28th January, 1992

THE BANK OF TOKYO, LTD. The Fiscal Agent, Tokyo

CENTRAL INTERNATIONAL LIMITED

U.S. \$150,000,000 Floating Rate Notes due 2006

Notice of Early Redemption

NOTICE IS HEREBY GIVEN that in accordance with Condition 4(d) of the Terms and Conditions of the Notes, the Company will redeem all of the outstanding Notes at 100 per cent. of their principal amount on the next Interest Payment Date, 28th February, 1992, when interest on the Notes will cease to accrue.

Payment of principal will be made upon presentation and surrender of the Notes, with all unmatured coupons attached, at the offices of any of

Paying Agents Bankers Trust Company 1 Appoid Street Broadgare London EC2A 2HE

langue Indosuez Belgique S.A. Swiss Bank Corporation

rue des Colonies B-1000 Brussels Banque Internationale à

Aeschenvorstadt I CH-4002 Basie Bankers Trust Company Corporate Trust & Agency Group Four Albany Street New York, N.Y. 10015 Luxembourg S.A. 69 Route d'Esch

Accrued interest due 28th February, 1992 will be paid in the normal nanner against presentation of Coupon No. 24, on or after 28th rebruary, 1992.

Bankers Trust Company, London 28th January, 1992

Agent Bank



Han Yang Chemical Corporation

Notice to the holders of the outstanding U.S. \$56,000,000 3½ per cent. Convertible Bonds due 2006

Han Yang Chemical Corporation

(the "Bonds")

NOTICE IS HEREBY GIVEN to the holders of the Bonds pursuant to the provisions of the Trust Deed constituting the Bonds that as of 3rd January, 1992, being the Effective Date, the Bonds may lawfully be converted into Non-voting Shares of the Company under applicable Korean law. The Conversion Period in relation to the Bonds shall commence on 7th February, 1992.

28th January, 1992

Han Yang Chemical Corporation

FLASH LIMITED SERIES D U.S. \$30,000,000 Secured Floating Rate Notes

In accordance with the conditions in accordance with the conditions of the notes, notice is hereby given that for the six-month period 28th January. 1992 to 28th July. 1992 (182 days) the notes will carry an interest rate of 4.4925% p.a. Relevant interest payments will be as follows:

as follows: Notes of U.S. \$100,000 U.S. \$2,271.21 per coupon. THE SANWA BANK LIMITED Agent Bank



your first night's stay in an SAS international Hotel will be FREE...with up to five subsequent nights at only HALF-PRICE.

INTERNATIONAL CAPITAL MARKETS

Treasuries quiet ahead of stions State of the Union address Hilliches By Patrick Harverson in New York

A RELUCTANCE to trade heavily before this evening's State of the Union address by President George Bush left Treasury prices little changed in light trading yesterday. In late trading, the bench-

mark 30-year government issue was down & at 1034, yielding 7.716 per cent. The two-year note, however, was down i at 99% to carry a yield of 5.175 per cent.

Although most of the details

of Mr Bush's annual address have been reported in the press, the bond market remains concerned about the extent of any tax cuts announced by the President In particular, the investors and dealers are worried that heavy tax cuts could overheat the economy and revive inflationary pressures, and they are worried that national deficit could widen as a result of over-generous fiscal fine-tuning.

GOVERNMENT BONDS

Market participants also had an eye yesterday on the latest Conference Board consumer confidence index, which will be published this morning, and more important economic sta-tistics, including the January employment report which will be unveiled at the end of next week. The Conference Board is expected to report a modest ecline in consumer confidence, while the unemployment rate is forecast to rise slightly in January from 7.0 per cent in December to 7.1 per

SHORT-DATED UK government bonds firmed slightly on hopes of a cut in interest rates, but long-dated issues ended the day slightly lower ahead of Wednesday's gilt auction. Traders said sterling's strength raised hopes of a half-

BENCHMARK GOVERNMENT BONDS 12.000 11/01 111,9472 ... 2.000 06/01 102.0600 --0.060 -- 8.46 --- 2.08 RELOUDE 8.500 04/02 100,4000 -0.300 8.43 6.19 - 8.51 9.000 11/00 102.7500 -0.800 8.53 8.55 > 2.55 8.25 09/01 102,0700 -0.100 12,000 06/01 98,3800 -0.440 4.500 05/09 96.1657 6.400 03/00 106.6541 -0.003 8.500 09/01 100.2700 +0.020 11,900 07/98 101,6500 -10,000 11/96 10,000 02/01 9,000 10/08

point cut in the base rate, with

the 10 per cent gilt due 1994 rising from its opening of 100% to 100# by late afternoon. The weekend's opinion polla which showed the ruling Conservative party up to 3 points ahead of the Labour party, helped to lift long-dated glit prices early in the day. However, longer-dated issues drifted back later, and the benchmark 11% per cent glit due 2003/07 fell from its open-

per cent.
Volumes in the futures market were low at 7,000 contracts, and the Liffe gilt futures con-tract fell from 97.11 to 97.07 by late afternoon.

ing of 1151 to 1152 to yield 9.45

Traders reported some buy-ing of the 2% per cent index-linked stock due 2001 which the Bank of England announced for sale on Friday. The Bank is to sell two tranches of £150m each - the 2½ per cent due 2001 and the 2½ per cent index-linked gilt

 GERMAN government bonds slipped on low volumes during the day, with traders indicat-ing little reaction to the Group 7.24 7.10 6.98 7.72 7.63 7.25

of Seven nations' weekend

meeting.
The Liffe bund lutures untracts which opened at 88.32 traded down to a low of 88.11 and ended the day at 88.13 on a volume of about 28,000 con-

JAPANESE government bonds barely changed on the day after the weekend G7 meeting in New York produced no firm statement in support of a

The yield on the benchmark No 129 closed at 5.285 per cent, having traded in a narrow range of 5.225 per cent to 5.245 per cent on low volumes.

Bankers and ministers at the

meeting agreed to increase co-operation to strengthen giobal economic growth and to continue monitoring and co-operating in the foreign exchange Traders said many bond

market participants were waiting on the sidelines should of tomorrow's expected auction of 10-year government bonds. The Finance Ministry is expected to suction about Y800km of the No 145 issue, which has a coupon of 5.5 per cent.

Accumulator Invest rescue collapses

By Hilary Barnes in Copenhagen

ACCUMULATOR invest, a property and investment company dominated by Mr Klaus Riskaer Pedersen, a Danish Euro MP, went into receivership yesterday.

company, which had at one time made Mr Pedersen a wealthy man, came when an attempt to reorganise the company, by excluding Mr Pedersen from any influence over company affairs and appointing a lawyer as chairman, came undone.

One consequence of the

Mr Podersen said he believed all creditors would be paid in HCZ 9 3/8 95

closure of one of the country's oldest and most prestigious provincial newspapers. Frederiksborg Amtsavis, which was one of a group of newspapers acquired by Mr Pedersen in 1890.

FT/ISMA INTERNATIONAL BOMD SERVICE OTHER STRAIGHTS
BAYERSCHE VEREUS IN 7 94 LF7
COPPINAGER TEL 858 96 LF7
WORLD BANK 89 LF7
WHEVER 9 00 F1
ALBERTA PROVINCE 10 58 % C5
BETL CARBAR 10 59 9 9 C5
BETLSH COLUMBIA 10 96 C5 GAS 8 3/8 99 _ EB 9 1/4 97

LEC DE FRANCE 9 98

EURO CRED CARD TST 9 94

FINHAND T 7/8 97

FINHAND T 7/8 97

FOND CAPITAL 9 3/8 95

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EOM CAPITAL 9 3/8 95 MCDORALDS CAMADA, 15 °5 AS.

MCDORALDS CAMADA, 15 °5 AS.

STATE RK MSW. 144 °99 AS.

UMH LEVER AUSTRALIA 12 °99 AS.

VOLUSIMAEDE BUTI. 13 °94 AS.

ABBEY MATT. ITERAS, 13 38 °95 £

ALLIANCE & LEICS 11 38 °95 £

ALLIANCE & LEICS 11 38 °95 £

BRITISH CAS 12 34 °5 £

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YEN STRAIGHTS
AUSTRIA 4 3/4 94
CREDIT FONCIER 5 1/4 94
DENMARK 7 95
EIR 4 5/8 94
ELEC DE FRANCE 5 5/8 96
FIRELAND A 1/4 96
INTER AMER DEV 7 1/4 00
KAYSAI ELEC PWR 4 5/8 94
MORWAY 5 1/8 95
WORLD BANK 6 3/4 00
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QUITY GROUPS A SUB-SECTIONS

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INTERNATIONAL CAPITAL MARKETS

National Bank of Hungary addin Nauonai Danie launches DM600m issue

THE National Bank of Hungary, the Hungarian government's borrowing conduit, yesterday launched its largest bond offering to date in the international capital markets,

INTERNATIONAL BONDS

a DM600m issue of seven-year onds.
The perception of Hungary's credit in the international capital markets has improved steadily in the past year, allowing the bank, once confined to the Japanese and German mar-kets, to raise funds in a range

of sectors. However, the latest offering However, the latest offering of 10% per cent seven-year honds looked too aggressively priced, compared with a 19850m transaction launched less Ociober which carries a coupen of 10% per cent and matures in 1988. "The coupon level is of prime importance to retail investors. There is no reason for them to buy these boods if they have 10% per bonds, if they have 10% per-cent bonds," one trader said.

The bank plans a number of transactions in the international capital markets this year. Its borrowing programme consists entirely of refinancing, totalling \$2.4bn. However, about half will be met by funds from a service of the service of from agencies such as the International Monetary Fund and the World Bank, leaving around \$1.2bn of funding to be completed in the international capital markets.

capital markets.
Interest servicing needs will be covered from Hungary's current account, which is running a trade surplus, according to Mr Bela Sandor, general manager in the international division of the National Bank. "Fresh money will come from direct capital investment throughout the commercial banking sector," he said.

Hungary has also raised Y30bn through an issue of 7 per cent 10-year bonds in the Samurai market - the Japa-

nese domestic market for for-eign borrowers. Hungary's next international offering is likely to be denominated in Ecu or dollars. The government is keen to establish benchmark issues in these

sectors, by issuing deals of a reasonably large size – a mini-mum of \$200m or Ecu200m. However, following the latest financings, Rungary has cov-ered its current funding needs until June and will be able to service its debt without reducing its foreign exchange

In the dollar sector, Chugoku Electric Power, the Japa-nese electricity utility, launched a \$250m five-year bond via Goldman Sachs. The bonds were considered fairly priced, offering a yield spread of 54 basis points above the comparable US Treasury bond.

The dollar sector remains overburdened with paper, and is not being helped by a rather uncertain tone in the underlying US Treasury market. How-ever, the familiar name, coupled with a 7 per cent coupon, attracted firm demand from

attracted firm demand from Japanese investors, according to the lead manager. In the equity-linked market, Hanwa Company launched a \$360m offering of bonds with warrants via Yamaichi. The deal was bid at less ½ point, well within 2½ point fees.

	W INTE	RNATIO	NAL	BOND	ISSU	ES
Socrosses I/A DOLLARS	Amount m.	Coupon %	Price	Motority	Fone	Book runner
Herma Co.(a)# Chugoku Elec Power(a)†	380 250	15	100	1996 1997	214/11 ₂ 27.5/15bp	Yameichi Int. Goldman Sache
D. MANUEL National Bit of Hungary(s)†	800	10 14	10014	1999	214/11/4	Deutsche Bank
Electricité de France(b)† Arbed(c)†	150 160	覧	101 % 101 ½	2002	:	8BC USS
CHENISH KROHORI Deutscha Bk Financa NV(a)†	500	10%	10112	1997	13/14	Dautsche Bk Cap.Mkts.
##Private placement, \$Convert	ible. With equaling by 12% a	rity warrants. nnually. c) Co	#Floating	rate note. or 8 years a	iFinal term t 101% de	ns. a) Non-callable. b) Catlab creasing by 12 % annually.

DTB introduces Dax index future option

By Tracy Corrigan

THE WALL BUT THE WOLLD'S WINDS

THE Deutsche Terminborse (DTB), the German derivatives exchange, has introduced an option on its Dax index future, its third product linked to the Dax index of 30 German stocks. An option on the index itself and a Dax future contract are already traded on the exchange. Dealers said the option on the future will be more attractive to institutions. because of its larger contract

size (DM100 per index point, like the future, compared with DM10 per point for the option on the index) and lower fees. In addition, the new options are American style, that is, they can be exercised at any

The smaller option contract on the index is widely used by German retail investors, with average daily volume of 38,000

FT-ACTUARIES SHARE INDICES

The option on the future traded 1,430 contracts in its first day of trading on Friday, a rather slow day in the Ger-man stock market. Volume is expected to pick up gradually, as fund managers get to grips with its more complicated

The future contract, also an institutional product, trades around 8,600 contracts a

Merchant bank in DM200m offering

By David Waller

THE Berliner Handels-und Frankfurter Bank, the Frank-furt-based merchant bank, is launching an issue of profit-sharing certificates (Genus-scheine) packaged together

with warrants.
The nominal value of the issue will be DM200m, although the precise amount to be raised for the bank will not be determined until the issued is priced ahead of the planned offer date of March 1. Shareholders will be offered

one certificate (nominal value of DM1,000) plus warrants for every 32 ordinary shares held. Each certificate comes with two warrants, entitling the shareholder to subscribe to one new DM50 ordinary share at two different dates. The certificates will be redeemed on

Details of the issue - the price of the certificates and the scope of the entitlement to profit share as well as the terms of the warrants - will be fixed and published shortly before the offer is formally launched. The certificates and the new warrants will be traded on the Frankfurt and Berlin stock exchanges.

The bank said it was making this issue in order to strengthen its capital base under the terms of the German Banking Act. "Given the sustained growth

of our business volume, BHF-Bank is pursuing its policy of maintaining its good capital base by taking early capitalraising measures," the bank

Genuscheine are a hybrid between debt and equity treated as Tier Two Capital by the Bank for International Set-tlements and regular Hable capital by German regulatory nutborities.

Reorganisation at Swiss bank

UNION Bank of Switzerland is restructuring its domestic business to meet growing competition, Reuter reports.

The structure is the latest step in a wider redefinition of

CME, LSE agree on futures listing

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange and the London Stock Exchange have reached an agreement to allow the CME to list futures and options on futures on the FT-SE 100, Eurotrack 100 and Eurotrack 200 share indices.

The CME's move into foreign index products aims to attract more institutional investors who are seeking ways to manage the risks of their increasingly international portfolios.

According to Lipper Analytical Services, which tracks mutual funds, the assets of US mutual funds the assets of US mutual funds that invest in Europe, for example, have more than doubled to \$3.5bn at the end of 1991, from \$1.8bn at the end of 1989. The number of funds increased over the same period to 28 from 15.

Foreign investment by US pension funds has also soared. Intersec Research, which moni-tors investments by pensions funds and other tax exempt entities, said overseas assets of US tax exempt investors rose to \$93bn by 1990, of which \$74bn was in equities, from \$27bn, with \$24bn in equities,

The success of the CME's

Nikkei 225 Japanese Stock

Average future is a gauge of the demand for foreign index products.

Launched at the end of September 1990, CME trading in the Nikkei has grown steadily, with daily average volume ris-

ing to 976 contracts in 1991 from 765 last year. The CME had long hesitated to launch the Nikkei 225 futures for fear that, with the differences in time zones, the lack of a concurrent cash market in the underlying index would inhibit futures investors and traders. But this concern has been neatly demolished with the success of the Nikkei futures.

The new CME contracts, which will enjoy concurrent trading with the cash market in London for a portion of the day, will require US regulatory approval before they can be launched. But CME officials hope to begin trading them inside four months.

The Chicago Board Options Exchange (CBOE) has already won regulatory approval to trade the cash market options on these indices.

The CME, the leading US futures exchange for index

products, is home to the Stan-It also will launch soon futures and outlons in S&P's MidCap 400 stock index of mid-sized

companies.
The primary market for futures on the FT-SE indexes is the London International Financial Futures Exchange (Liffe). For traded options it is the London Traded Option Market (LTOM), which is due to merge with Liffe in March. The CME plans to work with the Options Clearing Corpora-tion, which clears CBOE trades, to agree on cross-mar-gining of FT-SE futures and options between the CME and the CBOE. The two exchanges have had an agreement on cross margining on the S&P 500 index since 1989.

Expansion fuels German M&A

THE DRIVE to expand into the former east Germany led to a boom last year in German mergers and acquisitions. The number of published transactions was up by over a half to 2,172 compared with 1,412 in 1990, according to fig-ures produced by M&A International, a consultancy based in Königstein.

Of the deals, 949 were done in the east, while in the west the number of deals fell by 5 per cent, from 1,296 to 1,228. Despite the surge in the num-ber of deals, the total value of all domestic transactions fell to DM51bn from DM52bn, reflecting the low prices paid for companies in the east.

THE Bank of England is to

return £200m of interest-free deposits to banks in the UK in

the latest of a series of moves

to lower its cash ratio require-

The Bank said that the

change was prompted by its internal financing needs and

did not reflect any change in

macroeconomic policy.
Until now, banks have had

to place 0.4 per cent of their sterling deposits with the Bank in interest-free accounts. This

By Richard Waters

Despite the activity in the east, west German companies made 246 acquisitions overseas last year, up from 186 in 1990. France was the most popular country for German investment - the number of companies bought there rose from 23 to 44 - followed by the UK and the US, where Germans bought 31 and 30 companies respec-

In the other direction, for-eign companies made 490 - up from 469 - acquisitions in Ger-many, of which 149 were in the east. The biggest huyers were the Americans, who bought 88 companies, followed by the Swiss with 78, the French with 71 and the British 63. The num-

around £1.6bn, provides the

The ratio will be reduced to

0.35 per cent on January 31, the Bank said yesterday. It attri-buted the move to the increase

in sterling deposits on which the deposits are made (around

6 per cent in the past year); increased efficiency in its own

operations; and its view of how deposits will change over the

Bank's main source of income to fund its banking operations (although not operations in the money and foreign exchange

Bank of England to reduce deposits

ber of Japanese purchases fell to 17 from 19 last year.
The most active buyers in the former east Germany were the Americans, who made 25 acquisitions there, followed by the Swiss and the French wh each made 22 purchases. M&A remarks that "only very few non-German speaking foreign-ers were investing directly in that market without using

already existing west German The Treuhandanstalt, the government agency responsi-ble for privatising east German industry, has recently stepped up its marketing efforts to encourage non-German companies to buy there.

next four years. The Bank has reserved the right to increase

the ratio again at any time up to April 1986. The Bank does not publish

details of its income and expenses, but in the year to

last February made an operat-ing profit of £161m (up from

£122m the previous year). It

also has reserves of more than

The ratio was last cut a year

0.5 per cent before October

from Spanish bond market By Tracy Corrigan

and IFC barred

World Bank

THE World Bank and the International Finance Corporation, its private sector finance affiliate, are reported to have been barred from issuing further debt in the Spanish bond

market.
The ban is a result of a dispute between the Spanish government and the World Bank, according to market

The argument centres on the Spanish authorities' displeasure at the low number of construction contracts awarded to Spanish companies for World Bank and IFC projects in less-developed

countries.

Both agencies have been active borrowers in the "Matador" bond market - the Spanish domestic market for

But last week the Spanish Treasury, which regulates the market, refused IFC permission to launch its planned Pta10bn five-year Matador bond issue. Instead, the European investment Bank launched a Pta15bn 10-year

ago, from 0.45. It had stood at Officials at the Spanish Treasury were unavailable for comment yesterday.

110 15 22 25 65 11 15 120 10 165 10 124 16 215

float, currently standing at strategy for the 1990s. LONDON MARKET STATISTICS

MICES AND FALLS VESTERNAV

The Financial Time in conjunction with the										
EQUITY GROUPS			y Janu				Fd Jan 34	Ties Jan 23	Wed Jan 22	Year 200 (approx)
A SUB-SECTIONS Figures is parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Group Div. Visid % (Art. int. (25%)	Est. P/E Dist	ed adj. 1992 to date	Index No	Hodes Mo.	inder Mo.	limiks Mg.
10 Other Industrial Materials (19) 21 CONSUMER GROUP (188) 22 Brewers and Distiliers (23) 25 Food Manufacturing (18) 26 Food Retailing (17) 27 Health and Household (24) 29 Hotels and Leisure (24) 30 Media (23) 31 Packagins, Paper & Prioting (17) 34 Stores (32) 35 Textiles (10) 40 Briter Groups (115) 41 Business Services (16) 42 Chemicals (21) 43 Conglomerates (11) 44 Transport (14) 45 Einstricity (16) 46 Telephose Networks(4) 47 Water (10) 48 Miscellancoss (23) 49 IMBUSTRIAL GROUP (481) 51 Off & Gas (14)	867.86 1736.64 571.22 486.19 332.95 1601.59 1602.53 1602.53 1602.53 1602.53 1602.53 1602.53 1602.53 1602.53 1603.67 1286.67 1296.53 1394.27 1394.27 1394.27 1394.27 1394.27 1394.27 1397.84 11319.72 1397.84 11319.72 1374.41 12308.76 1814.33 1286.53 1286.53 1286.53 1286.53 1286.53	+1.6 +1.6 +0.6 +0.7 +1.9 +2.1 +1.6 +2.1 +1.3 +2.4 +2.0 +0.1 +1.3 +1.3 +1.3 +1.3 +1.3 +1.3 +1.3 +1	7.35 9.15 10.06 10.61 10.70 9.84 7.10 8.79 7.10 8.80 7.06 7.75 10.01 7.53 10.01 7.53 10.99 5.52 11.42 11.80 8.26	8.58 8.54 8.04 5.10 10.43 7.93 5.07 3.36 4.51 5.30 2.18 5.30 2.18 5.30 4.70 5.50 4.70 6.36 4.51 6.47 4.51 6.47 4.53 6.47 6.47	18.42 12.55 11.94 7.25 12.55 15.57 17.34 14.96 14.77 22.62 15.62 19.07 17.17 18.03 11.07 12.60 17.67 18.03 11.07 12.60 13.61 13.61 15.61 1	0.44 0.00 0.00 0.74 0.92 0.00 0.69 1.80 7.92 2.11 0.39 0.07 1.22 0.23 0.07 1.22 0.23 0.07 1.22 0.23 0.09 0.09 1.22 0.23 0.09 0.09 0.09 0.09 0.09 0.09 0.09 0.0	931.56 1591.4 2453.60 1724.33 326.34 483.68 174.43 1589.72 1621.84 2045.26 1216.42 2453.50 4394.16 1256.57 1469.59 1391.82 1391.83 1391.80	223.51 243.40 443.450 1268.60 1462.02 751.05 1197.12 1198.02 1197.12 1398.02 1399.04 2435.67 1144.20 1399.04 2554.74 1802.08 1271.15	330, 99 485,53 1251,11277,89 16124,70 2055,62,2 1224,78 2445,64 4406,62 1235,56 1450,87 748,45 1147,56	947,14 1065,90
	514.00 1031.35 462.20 792.74 238.26	+0.9 +1.2 +1.7 +1.4 +0.2 +1.2 -0.3 +1.2 +1.1	7.50 6.92 11.20	6.09 5.97 8.48 6.48 7.64 5.83 7.50 3.67	46.19 17.53 20.57 11.27	0.00 0.00 1.60 0.00 0.44 0.00 1.66 2.56	MAI 17 1411.93 505.18 1017.20 461.23 783.35 297.01 1173.33 1200.51	865.31 1434.35 598.10 1020.75 665.52 785.35 240.38 1186.45 1207.29	1430.33 514.32 1017.19 462.60 715.05 240.91 1187.52 1206.38	754.78 1275.70 614.71 969.86 334.04 940.70 238.52 969.71 1012.72
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Maxwell crash sparks fees bonanza | Wace chief acts to | Lonrho selling MAN truck | line | PROFESSIONAL PROFE

PROFESSIONAL FEES related to the collapse of the Maxwell business empire may have topped £11m since last Novem-ber and could currently total more than £325,000 a day, according to estimates by the Financial Times.

News of the amounts charged comes at a time when the insolvency profession is undergoing severe criticism, including questions about the £75m bill in fees and costs charged by Touche Ross for winding

However, estimates suggest that the Maxwell collapse has already clocked up accountancy bills of more than £5.3m, and legal bills of more than £6m. A conservative estimate of accountants' bills assume that they have worked only eight hours a day, five days a week, with hourly charge-out rates of £200 per hour for partners and £80 per hour for other staff.

Arthur Andersen, the accountancy firm, has had about 100 staff and 10 partners involved in the administration of the private Maxwell companies since December 5. This suggests a total bill so far of \$2.8m or

Price Waterhouse, the administrator of Maxwell Communication Corporation, has

had an average of about six partners and about 90 staff working since late December

a total of about £1.5m. Robson Rhodes, the accountancy firm acting as provisional liquidator of Bishopsgate Investment Management, the pension fund manager, have had two partners and the equivalent of 15 other staff full-time investments are supplied to the staff of the pension. investigating pensions since early December, suggesting a bill of £448,000 to date.

Coopers & Lybrand Deloitte appointed

two partners and about a dozen staff as investigators to the private Maxwell com-panies after Mr Maxwell's death: about

Touche Ross, the liquidator to First Tokyo Index Trust, a fund controlled by Mr Maxwell, has employed a partner and about seven staff since early December: about £213,000. Other work from Grant Thornton, administrator to Robert Maxwell Estates and administrator or receiver to several other related subsidiaries, has used about five staff and one partner since early December: about 2168,000

The firms involved declined to comment

on their charges, although several have pointed out that the assumptions behind the hours put in were conservative – they

have been sacrificing their evenings and weekends for months.

However, insolvency practitioners respond to general complaints of over-charging by saying that reports of their fees have been exaggerated, that their costs are scrutinised by the courts and creditors, such as banks, which appoint them, and that the fees they receive repre-sent a small proportion of the assets recov-

The legal bills in the Maxwell case are no less significant. At least 16 leading City law firms and 32 barristers have been involved in the legal quagmire resulting from the collapse of the Maxwell empire. employing an estimated 42 partners and 47 assistant solicitors.

Taking solicitors' charges at an average of £250 an hour for partners and £170 for assistants, that suggests a daily hill of about £148,000. In addition, senior QCs will probably be charging between £400 and

Since early December most of the solicitors and a third of the barristers will have been working full time on the Maxwell cases, giving total legal costs of the Maxwell collapse of approximately £6m.

stem IRA

By Andrew Bolger

a front for the IRA.

Wace made the state

WACE Group, the world's

noon after market rumours linked it with a report in the Sunday Telegraph that a listed UK company was under inves-

tigation for laundering funds for the terrorist organisation. The company's shares fell from 177p to 155p in relatively

company with an annual turn-

John Clegg: a very difficult

was one of several names about which traders were

wery difficult decision."
Wace has grown rapidly by acquisition in the last six years, mainly funded from

rights issues and placings. About 70 per cent of its shares are held by financial institu-

Mr Clogy said Wace had no Irish operations or directors. He has been a director of the Anglo-Irish Bank for several years, due to an historic fam-

ly connection: "My mother is

Irish. I suppose we all have some Irish blood."

raiders", who at the end of last year had circulated "totally

Wace's shares have fallen sharply from their peak of 284p last year. BZW said it

importing business for £20m

By Kevin Done and Roland Rudd rumour

LONRHO, the international trading group, is selling its UK MAN truck importing business for £20m. It is the latest in a series of disposals designed to reduce the group's fllbn net largest pre-press printing spe-cialist, yesterday took the unusual step of denying it was

An agreement in principle has been reached with MAN Nutzfahrzeuge, the second largest German truck maker, which will take responsibility for the distribution, sales and service of MAN trucks, busses and service agreement to the UK. and spare parts in the UK.

The 25-strong MAN dealer network in the UK would not be affected by the sale, said

Lonrho added that MAN wished to continue and to year, which it is relatively small compared with its pres-ence elsewhere in Europe. It was in eighth place in the UK market, overshadowed by groups such as DAF, Iveco and Lourho said that MAN would take over the UK operations "as soon as practicable" and

not later than the end of The acquisition is a further step in the trend for leading car and truck makers to take over direct control of the importing and distribution of their products in main volume

Mr Robert Dunlop, deputy

chairman of Lourbo, said the company believed that the funds currently deployed in the truck business could be better utilised chewisers in Lourbo's operations. The tile new truck market has nions than halved in the last two years with the steepest bill busy recession in the post win period. MAN accounted for 4.9 per cent of the UK market for trucks above 3.5 tonnes last

period.

Lonrho has already confirmed the sale of its 50 per cent interest in Kühns and Nagel, the German freight inwarder, for DMS40m (F1RRm). Lonrho is also understood in be planning the sale of both the Glasgow Hereld and the Evening Times, which heave to the group's George Ostrant substdiary. The sale could fetch up to £200m.

Verbal basis of Goldman deals shocks City

investigators uncovered another offshore trust, TRI Inc., which is understood to be involved in the alleged illicit operation to support the shares of Maxwell Communication

Investigators, who now believe that hundreds of mil-lions of pounds missing from Mr Maxwell's public companies were used to prop up MCC's shares, have focused on several deals last spring and summer in which Goldman sold MCC shares to trusts in Liechten-

Although the orders came from the independent iswyers who managed the trusts, the money to buy the shares is now known to have come from Mr Maxwell's private compa-nies, and after dealing, some of the shares were held in private

Maxwell companies.
It is illegal under UK company law for a company to use its own funds to buy its shares without shareholder approval.
Before dealing, Goldman obtained verbal confirmation that the buyers were not con-nected with Mr Maxwell, and obtained written confirmation in all but one case afterwards. However, as indications of the share support operation have smerged, Goldman has become concerned that it could have

with experience of dealing with Goldman were surprised that the investment house had conaidered vertal confirmation to be sufficient because of its "famously tough" vetting of new clients and other perties with which it deals.

In their view Goldman has

In their view Goldman has been among the most rigorous of the brokers, both in complying with regulations and in protecting itself against credit risk in dealing.

One large institution said yesterday: "They are very definitely in the meticulous camp in all aspects of dealing and it would be extremely unusual for them to relax that." for them to relax that."

Another said: "It's a real hare support operation have marged, Goldman has become oncerned that it could have een misled.

Institutions and brokers struggle to get accepted as a client — you have to fill in a mound of paperwork, and if you get a little box wrong, it can all come right back to be

done again," while showing the Financial Times the half-inch-thick pile of statements

ing in futures and options. There is no suggestion that Goldman has broken the rules of the Securities and Futures Authority in the UK or the Securities Exchange Commission to the US.

According to the SFA's cur-rent rules, there is a general obligation on the broker to "know your client" but this does not apply if the broker is approached "for execution only" – simply to transact the deal, rather than to offer investment advice.

However, other brokers said last night that they were relucsast fight that they were remo-tant to take on large "execu-tion only" orders because of the credit risk in dealing with unknown parties.

heavy trading, wiping £14.5m from 1ts market value. After the statement, the shares recovered to close at 188p. Mr John Clegg, chief executive, said he was "mystified" as to why some traders had associated his company with the Sunday Telegraph report, which referred to an unnamed company with an associated the same traders had associated his company with the sunday Telegraph report, which referred to an unnamed company with an annual turnenvironmental health arm Ware's brokers, BZW, were routinely contacted by the Stock Exchange after the sud-den drop in price. BZW informed Mr Clegg that Wace WELLCOME Foundation, the

Wellcome finds buyer for

pharmaceuticals group, contin-ued its rationalization with the sale of its environmental health division to Roussel Uclaf, the French company, for

The division, which sells pyrephrum as an insecticide for bousehold and environmental public health, and protecting wood and stored grain, had turnover in 1990 of about 188m. Wellcome said the net tangible assets to be sold were worth

The sale is part of Well-come's drive to become a pure pharmaceutical company. Sir Alistair Frame, chairman, announced in 1990 that the company would be examining all aspects of its business to

improve efficiency and finan-cial performance.

Last year it sold Calmic International, its hygiene ser-vices business, to Rentokil and its vaccines operations to Medeva, the fast-growing UK pharmaceutical group, Roussel Uclaf was assisted in negotiations by JP Morgan, the US Roussel Ucial would become

one of the world's leading envi-ronmental health companies following its acquisition, said Dr Pascal Housset, managing director of the group's agrovet

division.
Sales in the agrovet division should reach £450m in 1992, he added. In 1991 the division's operations represented 26 per cont of Rousel's turnover.

Racal reaffirms its forecast of £50m profit By Roland Rudd

Racal Electronics yesterday-reaffirmed its forecast that it would make pre-tax profils of the lass than 1500n for the year

to March 31 1997.
The statement, instead after a meeting of the full board, was in response to the publication of an internal memorandum

of an internal memorandum suggesting that the profit forecast might not be met.

The further as part of the group's successful defence against last year's hostile: £750m hid from Williams Holdings, the industrial conglomerate. The statement said: "On the bases and assumption set out in the chuniar in Bacal shareholders dated. tions set out in the chronist to Racal shareholders dated. December 6 1991, and after excluding results of Vodephone Group, operating profit will not be less than fallow and profit before tax will not be less than fallow.

Racal's internal memorandum warned that the profit forecast would be harder to meet because of unforeases.

meet because of unforeseen delays on several large con-tracts. Racal said the memorandum only referred to part of the radio division, where one contract had been delayed.

surprise that Goldman Sachs, the US investment house, dealt with secretive trusts intro-duced to it by the late Mr Rob-ert Maxwell simply on the basis of "verbal confirmation" that they were unconnected with Mr Maxwell Their comments came as

Buy-out team seeks to spur sale of MGN

By Raymand Snoddy

SIR PETER PARKER, the recently appointed chairman of the management buy-out team at Mirror Group Newspapers, is planning a meeting with senior bankers in an attempt to speed up the sale of the popular newspaper group.
There is growing concern in the buy-out team, which includes Mr Richard Stott, editor of the Daily Mirror, that tor of the Daily Mirror, that more than three months after the death of Mr Robert Marwell no formal data is below.

well no formal data is being made available. MGN is largely in the hands of big banks. The banks hold the were owned by the private

Sir Peter, a former chairman of British Rail, hopes that he can persuade the banks that it is in their interests to go for a

sale as quickly as possible.

The bay-oal team fears that delays and uncertainties, particularly over issues such as the MGN pension fund, could damage morale at the Mirror

newspaper group is having to pay on the short-term funding. Sir Peter's mam, backed by Since the collapse of the Electra, the venture capital unaudited data should now be

John Talbot, the Arthur Anderson administrator, and the banks are taking a relaxed view shout the future of MGN because it is profitable.

There are even signs that if no immediate buyers come furward the banks are prepared to continue running the group for the foreseable inture. The danger is that the Mir-ror titles could safter in the

highly competitive popular newspaper marketplace where games backed by heavy televi-sion promotion can be vital for

The Sun launched a new £1m hingo competition.

Meanwhile Daily Mirror journalists have discovered that despite uncertainties about the precise level of pen-sions in the event of their death in service their depen-dents will be cared for.

Insurance premiums have been paid on members of the pension fund so that widows of Mirror journalists, for example, would receive a lump sum equal to three times sai-

ary plus continuing payments of a quarter of salary. An MGN executive last night challenged the view that



BRITISH Telecommunications is bringing forward the announcement of its third quarter results to coincide with the publication on Thursday of the consultative document on BT regulation by Oftel the

industry regulator.

The publication of the document starts the process of reviewing BT's prices during which Oftel will have to deads. whether the group's profits are 'reasonable' and how much its prices should be regul-

BT has come under increas-ing scrutiny for its high profit-ability which is seen to be sup-ported by unnecessarily high

The announcement of the quarter results is being ally scheduled so that BT will be able to put its case regarding its profitability without being hampered by Stock Exchange rules which would have prevented it from commenting on its financial perfor-mance for eight weeks before a

DIVIDENDS AMMOUNCED Aces, M. 4,54

Dividends shown pence per share not except where otherwise stated

Four-for-one stock split of the **Total share effective February 10, 1992**

As authorised by shareholders at the Extraordinary Meeting held December 18, 1991, the Board of Directors of TOTAL agreed at its meeting on January 27, 1992 to increase the nominal value of the company's shares by FF 150 per share through the capitalization of reserves. Each share will then be split into four, also as approved by shareholders at the Extraordinary Meeting. The split will take effect on February 10, 1992, at the same time as the capital increase.

On that date, each shareholder will receive four new shares, each with a par value of FF 50, in exchange for each former FF 50 share held.

The split is expected to reduce the unit price of TOTAL shares, thereby increasing their liquidity and broadening their

The rights of holders of share equivalents will be protected. In particular, as of February 10, 1992:

 Each warrant will be exercisable for nine new shares, at an aggregate price of FF 1,950 or FF 216.7 per share.

• Each convertible bond maturing January 1, 1992 but convertible up until March 31, 1992 (as per the customary grace period) will be convertible into 4.04 new shares.

Following the stock split, the share capital of TOTAL will be represented by 210.4 million shares and share equivalents. For the ADSs, this stock split will only result in the ratio of shares to ADSs changing from one-to-eight to one-to-two.



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The Board of Directors of Telephone de España, S. A. in its meeting held on December 18th. 2016 adopted the following resolution:

To distribute an interim dividend for the last all year 1991 to Telefonica shares that will be the following argoint for each one of the shares indicated below:

> GROSSAMOUNT NET AMOUNT SETAS PER SHARE)

SHARE NUMBER to 926,958,077

It was also agreed that the payment this dividend shall be carried out on February 17th, 1992, water charge to coupon number 139. Credit and Trustee Emities which work with Telefonica will perform their own deposits moders of shares and Credit and Trustee. Entities which do not make with Telefonica will perform them in the main offices, said larges or agencies of any of the following

Banco Baltaca Accava, Central-Hispanoamericano, Español de Créda España de España, Santander, Caja Postal, Confederaanota de Cajas de Ahorro, Caja Madrid, Caixa and

The share certificates related to a number of shares that, for whatever reason, are presented for cancellation on the dividend payment date shall be understood as having exercised this right. for which reason they must be presented adequately stamped, stating textually:

"All rights exercised up to 17-02-92."

The paying Entities shall strictly comply with the instructions received from the Issuing Entity, both in order to produce the corresponding debits and to accept those from other Entitles.

Madrid, January 27th, 1992 THE BOARD OF DIRECTORS



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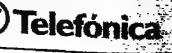
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Investing

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UK COMPANY NEWS

Demand for refrigerators helps limit fall at Bullough

By Roland Rudd

BULLOUGH, the broducts and re-BULLOUGH, the office products and refrigeration group, yesterday announced that it would maintain its dividend for the year to end-October 1991 in state of a 20 per cent fall in pre-tax profits.

The decline in profits to pass (226m) was less than any to commentators feared. some commentators feared, mainly because of a strong per-

mainly because of a strong per-formance from refrigeration. Environmental and health con-cerns have led to a big demand for new fridges, increasing the division's operating profit to gram (ES.1m). The results were also lifted by an exceptional surplus of cost 000 arising on settlement of insurance claims after Racal realing

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of lasurance claims after redundancy costs.

Estrings per share fell from 14.5p to 11.55p. A recommended unchanged final dividend of 43p maintains the total for the sport at \$150.

4.3p maintains the total for the year at 6.65u.

Gearing fell from 28 per cent to 9 per cent. Borrowings were reduced to 17.3m from a cash inflow of £15.7m, after capital expenditure and net acquisition costs of £8.7m.

Mr Derrick Battle, chairman, said debt was reduced by slashing costs and reducing capital expenditure as turnover fell from £318m to £283m.

from 2318m to 2283m.
Office products, which continued to suffer from the recesgion, saw operating profit fall from £14.1m to £7.82m as sales

fell by 25 per cent. Store fitting incurred a loss of \$1.78m compared to a profit of \$23,000 as sales by BFN storelitters to the DIY retail sec-

Share price (pence) 1985 86 87 89 90

tor fell sharply in the first half. Severe cut-backs, leading to a reduction in the workforce of 220 to 80, enabled the division to make a small profit in the

Operating profits at the remaining divisions were: heating £3.8m (£4.1m); electrical £1.64m (£2.16m); and engineering 92.58m (£2.18m).

As Derrick Battle put it: "If you are going to surprise the market there is only one way to do it: produce better results". Accordingly the share price jumped by 15p to close at 140p. Analysts expected a fall in profits; few companies are in need of office furniture and the

recession in the DIY market is far from over. Yet there was plenty of good news to please the market: store fitting is already back in profit and refrigeration has proved recession proof. A significant reducson proof. A significant reduc-tion in working capital has led to a reduction in gearing from 40 per cent two years ago to under 10 per cent today. That figure is likely to continue to fall — and with it the £1.6m interest charge - as costs are further reduced. Full year pretax profit forecasts of £22m, reflecting an upgrading from some analysts after yesterday's

results, gives earnings per share of 12p and a prospective multiple of 11.6. The shares

L&G suffers sharp reductions in annual premium business

By John Authors

LEGAL & General, the life essurance group, yesterday substantial reductions in new regular premium life and pensions business dur-

in common with trends for the industry, most of the \$2.16bn taken in by L&G last year was in single premium

tusiness.
Using the industry's standard Equivalent Premium Income yardstick, which adds one tanth of new single premiums to the total of annual pre-miums for the year, worldwide business increased slightly from £327m to £332m. The UK's share rose from £256.8m to

Annual premium business, affected by the recession with consumers reduction to take m new commitments, fell from \$210.5m to £170.1m in the UK,

New business figures rose from Passon to P922m thunks to a strong increase in UK single premium business. Much of this came in one-off business from large pension

Mr David Prosser, chief executive, said: "Legal & General is not immume from current eco-

In particular, our regular annual premium business in the UK continues to be affected by a stagment housing market

into which we sell our
mortgage related policies and a struggling business environment into which we sell out personal pension

that it was going to reduce its exposure to claims from build-

and from £286.5m to £225.1m ing and contents insurance by changes in its minsurance prochanges in its reinsurance programme, writes Richard Lap-

Following heavy losses in its non-life business from subsidence, theft and mortgage indemnity claims, Mr Prosser announced last year that L&G wanted to cut back its involvement in more obstille seneral insurance business. tile general insurance busi-

The company is still negotia-ting its arrangements for 1992 with reinsurers but has already agreed a quota share proportional treaty to cede 40 per cent of its household prop-

In proportional business insurers cede a share of their exposure for a proportional a reinsurance commission in

Return to black at Dale **Electric**

By Andrew Bolger

DALE ELECTRIC Inter power and lighting group, made pre-tax profits of 1497,000 in the six months to October 27, compared with a loss of £146,000 in the corre-

rpending period.

The group said the improvement continued the good work ment continued the good work of the second half of last year, when it moved back into the black after suffering from

project delays.
Turnover was flat of £34.1m
(£24m) but directors said that continuing rationalisation and the strength the group's export markets had improved its resilience to

The order book stood at 235m, enough for seven Although lower base rates Atthough lower base rates cut interest payments from 21.28m to 2962,000, gearing remained about 88 per cent. The group is seeking to dispose of surplus property in Ashford, Kent, but this was

being delayed by uncertainty over the Channel rail tunnel and the present depressed Rarnings per share of 2.78p compared with losses of 1.76p last time. The interim dividend is maintained at 2p.

BICC sells networking

By Elchiye Nakamoto

business

BICC Group, the international cables and construction group, is selling its data networking business to 3Com, the US-based global data networking company, for \$25m (£13.8m) and 500,000 shares of 3Com

The sale reflects moves by

The sale reflects moves by BICC to move out of peripheral businesses and focus more closely on its core cable and construction operations.

For aCoun the attraction of the acquisition is that it gives the US company a leading market position in four of the key products in data networking. The acquisition also ing. The acquisition also immediately provides it with a strong presence in the Euro-

pean market.

BICC's networking business will also benefit. Aithough it had sales last year of \$75m and was profitable, it did not have the critical mass needed to gain international competitiveness, said Ms Janice Roberts, currently produced at

Willis Corroon takes 50% Italian stake

insurance broker, is buying a 50 per cent stake in UTA, a family-owned group which is one of Italy's top 10 insurance brokers. No price was given. UTA earned commission income of L8.3bn (£3.9m) on total premiums of L77hn last year. The company, which will continue to be run by members of its three controlling families, has in recent years extended its activities from its original Turin base to a number of hig Italian cities.

"Willis Corroon has

long-standing relations with lialian insurers and intermediaries," said Mr Roger Elliott, Wiltis chairman. "Now we are happy to be represented directly. UTA has built a reputation for the quality of its cli-

Southern Radio Southern Radio, formerly Invicta Sound, yesterday reported a pre-tax loss of £368,000 for the year to end-

September.
That compared with a profit of £197,000 previously and came from burnover down from 64.31m to £3.63m. In December 1991, Invicta reversed into Southern Radio and the figures exclude the results of Southern.

The company said that advertising revenue in the period had come under considperaturnal come under consultations are result of the measure as the result of the measure. National airtime revenue fell by 3.7 per cent while local airtime revenue fall by 18.6 per cent.

Strict cost-cutting measures had been introduced resulting in a 7.5 per cent reduction in operating costs. Exceptional charges during the year totalled £383,000, and mainly related to redundancy and reorganisation costs and provisions against loans of a related

Losses per share were 3.51p (1.13p earnings) and there is no dividend (0.75p).

TR Smaller Cos

Net asset value of TR Smaller Companies Investment Trust at November 30 was 148.8p, down 0.9 per cent from the 150.2p of six months earlier over this period the FT-Actu-aries All-Share Index fell 2.7 per cent. At November 30 1890, net asset value stood at 122.6p. Earnings for the half year to end-November slipped to 2.02p (2.58p) per share and the interim dividend is held at

1.5p. In his statement in July, the chairman said: "1991 will be the year of dividend disap-

DECEMBER 199

Aukett

Aukett Associates, the archipre-tax profits decline from £1.81m to £360,000 in the year



Roger Elliott: happy to be represented directly

However, Mr Gerry Deighton, chairman, pointed out that the fall was exacerbated by a £700,000 exceptional provision against the investment in Albert Bridge House, a joint

development project.
He added that turnover decreased to £16m (£18m) but that the total work done amounted to £15.6m (£17.7m), a fall of only 12 per cent. A recent Royal Institute of British Architects survey, he said, showed that workloads were down by an express of 40 per down by an average of 40 per

After tax greater than the pre-tax figure at £403,000 (£772,000), losses per share emerged at 0.32p (earnings 8.01p). The final dividend is reduced to a recommended 0.5p (2.75p) for a total of 1.75p (4.25p).

Recovery is well under way at Haynes Publishing, the printer and publisher of workshop

manuals.
Underlining the confident tenor of his statement at the group's annual meeting in October, Mr John Haynes, chairman, yesterday announced pre-tax profits of gl.13m for the six months to

November 30.

The outcome, which was struck after exceptional charges of £453,000 for radundancies and cancellation of titles, and higher interest charges of £240,000 (£104,000), compared with profits of £494,000 in the corresponding at months of £690 and just £25,000 for the last financial year.

Much of the profits increase was attributable to operations in the US which continued to do well, Mr Haynes said, despite "shark-like" trading conditions. Trading profits in the US rose from \$374,000 to

goes up 1.5p to 2.5p, payable from earnings of 6.5p (2.9p) per

Stavert Zigomala

Stavert Zigomala, an invest-ment holding company which also retails furniture and carpets, reported pre-tax profits reduced to £23,623 for the half year to end-September.

The decline from last time's £83,567 came on turnover of £384,347 (£372,678). Earnings emerged at 5.978p (8.232p) per ordinary stock unit and at 4.655p (6.697p) per deferred stock unit.

Bristol Channel

Bristol Channel Ship Repairers returned to the black in the 28 weeks to October 11. The pre-tax outcome -£74,884 against losses of

£231,065 - came on turnover of £861,801 (£548,451). Mr Chris Bailey, chairman, expected turnover to remain at much the same level in the second half. He untichnied " a contin-ued improvement in ship repairing and overall profits". Earnings per share worked through at 0.09p (losses of

Samuel Heath

Samuel Heath, the building and giftware group, reported a 65 per cent decline in pre-tax profits, from £210,000 to £72,000, in the six months to end-September.

Turnover fell from £3.57m to £3.

£3.46m. In spite of a fall in earnings per share to 1.6p (4.5p) the interim dividend is ained at 1.5p,

Malvern UK

The net asset value of Malvern UK Index Trust was 108.13p per share at the end of the 15-month period to December 31. seven months to end-Septem ber 1990.

Earnings per share emerged at 4.54p, against 1.84p for the previous seven months. A pro-posed final dividend of 2p brings the total for the 15 months to 4.5p.

Armour Trust Profits of Armour Trust, which has interests in confectionery, electronic components and car accessories, declined from 1966,000 to 1905,000 pre-tax for the half-year to October 31.
The 6 per cent setback resulted from higher interest charges reflecting working cap-

ital needs. First-half turnover improved to £11.8m (£10.9m). Earnings slipped to 2.2p (2.36p) per share, but the interim dividend is lifted to 0.315p (0.3p).

FT-SE fatures

Trading in financial futures and options on futures in the FT-SE 100, FT-SE Eurotrack 100 and FT-SE Eurotrack 100 indices is expected to commence this number on the Chicago Mercantile Exchange, subject to the approval of the Commodity Europes Trading Commodity Futures Trading

The London Stock Exchange has already reached agreement with the Chicago Board Options Exchange to trade warrants and cash options on the UK and European indices.
The FT-SE 100 index was introduced in January 1984.
The FT-SE European 100 and FT-SE 200 indices were introduced in October 1990 and Peb ruary 1991 respectively.

Standard Platforms

Standard Platforms Holdings, the USM-quoted computer services group, reported losses of \$471,000 on turnover of £849,000 in the six months to end-September.

A large part of the loss was due to Docuille, the US com-puter services company, where directors said there had been difficulties in its sales and mar-keting direction. The company had since been restructured. Standard did not trade until June 15 1990. In the period to September 30 1990 losses were £311,000 on turnover of £253,000.

Caldwell Invs

Caldwell Investments, the USM-quoted clothing company, reported pre-tax profits abead from \$2,500 to \$220,000 in the year to October \$1. The improvement was the result of better trading on the Continent where it has most of its busi-

Turnover was IA3m (IA15m) and earnings per share came out at 1.62p against losses of compaign, improved to 210.8m ous period which covered the nary charge of 224,000 (£44,800).

BANK OF CHINA

U.S. Dollar Flowling Rate Notes due July 1986 - WKK 478 543 -Ricontispose with the Conditions of the Notes notice is hereby given that for the Mark period Japaney 24, 1892 to July 23, 1892 included (182 days) the Notes is best Interest at the rate of 47/25 per annum. The coupon amount per 8,10,000 Note will be U.S.\$214.86 and per U.S.\$100,000 Note U.S.\$2,148.81.



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Structured and provided by

Lloyds Bank Capital Markets Group

National Westminster Bank PLC Securitisation and Receivables Financing Unit

DECEMBER 1991

TECHNOLOGY

Counting on cellular customers

arket research pre-dictions in the UK mobile phone busiess have rarely borne relation to the eventual size of the business. With cellular radio in particular, pundits greatly underestimated the number of potential subscribers.

With this in mind, Unitel, one of the licensees for personal communications networks (PCNs), which should begin services in 1993, has cho-

begin services in 1983, has chosen a novel way of more accurately evaluating the market.

"All the research in the pest
has been based on what consumers think they will do,"
points out Andy Sukawaty,
Unitel's chief operating officer.
"But it's impossible to quantify
what people will do just by
asking them." In addition,
points out Sukawaty, research
in the past has concentrated on
how many people will buy porhow many people will buy por-

table phones, not on how many calls they will make.

Instead of asking people what they intend to do Unitel selected some 400 potential domestic and small business users in three areas where the existing cellular radio was of high quality and gave each of them one of the latest hand portable cellphones. They then charged them for the subscription and calls as if they were PCN users.

One of the most striking results of the survey was the number of users who, once the initial three-month trial was over, wanted to keep the phones - some 250 of them. As a result of the survey

Unitel has concluded that the potential exists for 1.88m households in the UK to subscribe to PCN and a further 496,000 small businesses.

United also concluded that PCN would increase the usage of the phone generally. Before the trial began the customers spent an average 230 minutes on the phone every month, but that rose to 300 minutes a month with the mobile phone. Although the usage of the ordinary BT line went down to

200 minutes a month, Suka-waty points out that BT's revenues are likely to increase rather than decrease because most of the calls will use BT lines for part of the journey.

even-Eleven Japan, the convenience store chain, likes to know its Customers intimately. Its recently upgraded point-of-sales (Pos) system helps to ensure this is the case.

Checkout assistants key into the checkout terminals the age and sex of each customer as they key in the price of goods. The company says the information means it can stock the products its customers want to

uy. Establishing a customer's sex should be straightforward. Age is more of a problem. 7-Eleven's youthful team of checkout assistants must guess a customer's age within five bands: Under 13, 13-19, 20-29, 30-49 and over 50. Each is a distinct consumer group with different needs and spending patterns, according to the marketing theory.

7-Eleven says that analysing the data enables each of the chain's 4,500 stores in Japan to tailor its stock to the local market and compete more effec-tively with large retailers. If the store is near a school it will stock items that students are likely to want; if it is in a

are likely to want, if it is in a residential area it will stock more household goods.

Mini-computers have been installed in all of the stores (tranchises as well as directly-run outlets). A time-switch on the computer produces two graphs overlaid every two hours: the age/sex profile is laid over the latest stock and sales position. The graphics sales position. The graphics give store managers a snapshot that should improve their ability to make accurate decisions about what stock to buy. Slowmoving goods or dead stock are swiftly removed from the

7-Eleven stores in Japan typ-

amato Transport,
Japan's largest
door-to-door parcel
delivery company, is trying to
get the most out of its central
distribution system by selling
services that operate on the
company's distribution mainframe computer. It has installed a familie

If has installed a factimile messaging and information system at retail outlets. The service was set up just over a year ago and the company has already installed 5,000 Panasonic for machines in stores. Yamato's system is one example of the fax services available to Japanese users as a result of the growing liberalisation of telecommunications. The Yamato messaging system enables users to send and receive fax messages at any of

Sheila Jones describes how 7-Eleven in Japan uses customer information to sell more goods

A short life on the shelf 27% 5

ically stock about 3,000 prod-ucts per 100 sq metres of shop space. The lifecycle for any product can be short - about 70 per cent are changed in a year. The company has increased sales and reduced inventories as a result of its attention to customer profile and inventory control.

The latest upgrading also includes graphic ordering terminals. These hand-held consoles with tiny graphic screens enable swift and well-informed ordering from the shop floor. Inventory scanners have also here introduced. For codes or been introduced. Bar codes on deliveries are scanned and the information is fed into the store's mini-computer.

Before the scanners, a warehouse worker ticked off goods against a computer print-out. Information can be exchanged hetween the mini-computers, graphic ordering terminals and cash registers. The mini-com-puters are also linked to the central distribution system. The company's latest Pos system was installed 14 months ago. It will be

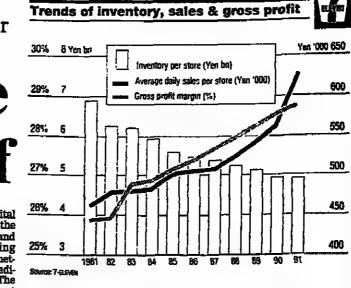
upgraded between April and

been converted partly to digital technology which enables the ion of voice, data and graphic information using phone lines. Much of the network still operates on a traditional analogue network. The company is planning to covert the whole system to an integrated services digital network

(ISDN) over the next few years. 7-Eleven's head office, stores and distribution centres were connected to a central computer in August 1979. Since then, it has exploited the net-work at a breathtaking pace. In 1981, the company installed a computerised Pos system with terminals at each store.

A four-temperature (hot for rice, cool for noodles, chilled for milk, frozen for ice cream), delivery and distribution system was tagged on to the sys-tem in 1984, linking wholesal-ers and producers.

In 1986, new checkout termi-nals were brought in, allowing data communications between individual stores and suppliers. In 1988, 7-Eleven customers were able to pay their electricity and gas bills at the neighbourhood store — bills include bar codes that can be read by



7-Rieven Japan's parent comterminals at 7-Eleven stores. pany, Ito-Yokado, is eager to export the Japanese chain's retailing methods to the US, where 7-Eleven was founded. Last year, Ito-Yokado took con-The Pos upgrading to be installed this spring will bring in equipment for the launch of 7-Eleven's joint venture with Shop America, a US-based direct mail catalogue sales operation. A nine-inch, double-sided screen will be attached to trol of Southland, the Dallas-based convenience store group which runs 7,000 shops in the US and nearly 2,000 in 20 other countries. Ito-Yokado made clear at the time it would want to teach the troubled US chain sined screen will be attached to existing checkout terminals, one side facing the checkout and the other the customer. Customers will be able to order from a range of foreign-made goods direct from the US (from which the original 7-Eleven Japan licensing rights were bought) how to run conat any 7-Eleven check-out. Information about an item vunience stores. prices and availability - will show up on the screen.

Don Cowan, publicity man-ager for 7-Eleven in the US, says tests are under way to determine what kind of system might work best in America, but it is "some distance away from an advanced network.

"No one knows yet whether or not what is effective in Japan would work the same in the US," says Cowan.

Added-value fax service under starter's orders

installed. Yamato says a typical customer would be an executive away from the office who needs to get hold of a docu-ment quickly, or to send one. The service also provides information from a menu including horse racing results, baseball scores and tourist information – in English or Japanese. A shopping informa-tion sheet, for example, would include details of how to get to a particular area, a list of shop

phone numbers and a map of the district, including the main stores and subway lines. The service also operates a central system for companies which need to fax the same document to several people. Information such as a compeny's list of customers, suppliers and their fax numbers is stored on Yamato's computer.

The user can key in a request, from their own fax machine, for a document to be sent to all of its suppliers, for

example. This will be done automatically. Customers have to register with Yamato as fax users. Personal codes are keyed in to the fax machine and users are billed later.

The screens would also be

able to display, for example, the plan of a theatre, enabling

a customer to choose seats and order tickets at the checkout.

Investment in 7-Eleven's lat-

est Pos installation and the

upgrading this spring will cost the company Y35bn (£160m).

At the moment, the service contributes only a tiny proportion of revenues — less than I per cent — and the company says it will take three years before it moves into profit. Yamato is planning for 50,000-60,000 users a day by 1995. The company has

released no figures on the current number of users, although it says 10,000 cus-

steining in says 10,000 car-tomers would be a good day. Setting up the service cost Y3bn (£13.5m) including installation of the first 5,000 machines. Running costs include the use of NTT phone lines. The fax machines are leased by Yamato and most of the information used by the service is provided free in return for advertising on the fax sheets. Stores where fax machines are installed receive

commission fee.
Competition is so far limited to only a few small operators.
"It would be a problem if NTT got into it," says Katsuhiko Saiki of Yamsto.

Bad instructions pussels at 48p a minute

By Paul Abrahams

nasty little habit A appears to be creeping into the mores of British computer companies. They are using premium-rate telephone lines to provide techni-cal support. A portion of the call's cost on these lines goes to the information provider, in this case the computer com-

pany. Customers are increasingly being forced to fork out 48p a minute at peak times - and most services are only available at peak times - to discover how to get their computers to work.
Ordinarily this wouldn't be

such a cause for griping. A problem clearly exists for the computer companies. In the past they have provided technical support free of charge, creating a demand limited only by the willingness of callers to pay small amounts for phone calls. And although lengthy calls have cost customers very little, they have proved highly expensive for the companies providing the necessary back-up. It has also proved irritating for customers - the lines seemed permanently

engaged.
Times are tough in the computer industry. So the decision by Amstrad, Alan Sugar's British computer company, and Locomotive software, suppliers of the Locoscript word processing program, to use 0898 premium rate numbers is at one level understandable.

Howard Fisher at Locomotive says the company used to end up answering every ques-tion under the sun about their product and those of others. As many of their software packages were selling for £30 it just was not financially viable to provide 30 minutes of support

over the telephone.

Meanwhile, Amstrad says it is not embarrassed about introducing premium-line services in spite of a certain resistance from customers. The group claims its 12 customersupport staff have been able to handle 25 per cent more calls because users, aware they are spending 49p a minute, take less time to make their queries. Both Amstrad and Locomotive also say people now tend to be more careful to read the manuals before they phone. Reading the manuals before

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MKET REPOR

SPEAKING .

ringing is a good idea While I resent is having to the arion tionate amounts to a company which has produced a completely incomprehensible man-

So here's the gripe. In father recently purchased an Amstrad SX9600AT faceballs, machine, including bells, with machine, including balls, while ties, a button for accessing the Mercury telephone system and a completely useless manual. Having persuaded my father incapable of operating a vision machine after more than if years — to sign-up with Mercury, it was left to inc to program the fax machine with the Mercury access code.

Being a bit of a technophile, I thought this wouldn't be too tricky. I turned to make 33 Mercury at turned to make 34 Mercury at turned tu

I thought this wouldn't be too tricky. I turned to page 38 efthe manual. I dely snyone to be able to program the machine for Mercury from the instructions there. It appeared necessary to have read the manual step-by-step from page one to 33 before setting up the Mercury line.

Mercury line.
The result was that I was

The result was that I was forced to spend money on the belephone rewarding Amstad for writing an incomprehensible and impossible manual. So I'll make a plea to electronic hardware and software companies. Technical support has to be paid for, and if the cost isn't covered in the price of a product, by all means me or multiplication of the cost isn't covered in the price of a product, by all means me or multiplication in the price of a product, by all means me premium-rate numbers for recouping expenses. Most cus-tomers won't mind spending a little extra on a premium-rate

telephone call.

But please give the customera chance. Write manuals that are comprehensible in the first place. Electronics companies shouldn't be rewarded for poorly writing poor manuals. I'll be writing to Alan Sugar asking him to invest my \$2.40

Della Bradshaw. ROLLINS BURDICK HUNTER BERMUDA Rollins Burdick Hunter (Bermuda) Ltd., provides captive management services for a wide range of single-owner and association insurance companies. Rollins Burdick Hunter (Bermuda) Ltd., has a strongly skilled team committed to providing the highest professional services in the areas of accounting, financial management, claims administration and risk evaluation. Rollins Burdick Hunter (Bermuda) Ltd. Cumberland House, One Victoria Street P.O. Box HM 2450, Hamilton HM JX, Bermuda Telephone (809) 295-2220. Telecopier (809) 292-0217. Telex 3374 ROLBH BA

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Floating rate notes đue 1996

> Notice is hereby given that the notes will bear interest at 1015/₁₆% per annum from 24 January 1992 to 24 April 1992. Interest payable on 24 April 1992 will amount to \$271.94 per \$10,000 note and \$2,719.43 per \$100,000

Agent: Morgan Guaranty Trust Company JPMorgan.





BRITANNIA BUILDING SOCIETY £150,000,000 Floating Rate Notes

Due 1996 In accordance with the terms and conditions of the Notes, notice is conditions of the Notes, notice is hereby given that for the three mouth inserest period from (and including) 24th January 1992 to (but excluding) 24th April 1992 to (but excluding) 24th April 1992. the Notes will carry a rate of interest of 10.7875 per cent, per annum. The relevant interest payment date will be 24th April 1992. The compon amount per £10.000.00 will be £268.21 payable against surrender of Compon Not II.

Hambros Bank Limited

ACCUMULATOR INVEST A/S DENMARK

hereby calls a Bondholders' Meeting for owners of Bonds issued by Accumulator Invest A/S in April 1990, known as the Accumulator invest 1992

The Bondholders' Meeting will be held on Wednesday, the 19th of February 1992 at 11.00 am at Assurandoremen Hus, 10 Amalingade, 1256 Coperhagon

The agenda for the Bondholders' Mosting is as follows

1) Proposal of change of Terms and Conditions of Accum A/S' 1992 Bonds. The estence of the proposal is as follows: i) Proposal of prolonging the maturity of the Bonds for two years watil

ii) Proposal of reising the nominal interest rate on the Bonds to 3% above the CIBCR interest rate equivalent to approx, 12% accessity.

The Board of Directors of Accumulator Invest A/S proposes to extend the period for the Accumulator Invest A/S 1992 Bonds by 100 years as the effect that the Boads shall be redecated on April 19, 1994. At the sense time the board of directors proposes that the nominal rate of increas for the Boards shall be increased from 10% per assum to approx. 12 per cent per assum from April. 20, 1992 wali April 19, 1994.

Admittance to and right to vote at the Bondholder's Meeting is open to tolder of Bonds in circulation at least 48 hours before the Bondholders' ing who has produced evidence to be a Bondholder and has salend to be given a voting certificate or has appointed a proxy and notified Accumulator Invest A/S 48 hours before the time fixed for the meeting.

Adoption of proposal under liess 1 on the agends requires that at least two Bondholders jointly representing at least half of the Bonds in circulation are present at the Bondholders' Meeting and that the proposal is accepted by at least 75% of the votes cast at the Bondholders' Meeting.

At the Bondholders' Meeting each Bond of nominal DKK 1,000, entitles the Bondholder to one vote. If the necessary quorum is not present at the Bondholders' Meeting the chairman of the Meeting, upon the Company's Bondholders' Meeting the chairman of the meeting, upon the company's request, may adjourn the meeting for a period of not less than 28 days and not, may to than 42 days. The adjourned meeting may be called by giving at least ten' days notice and such an adjourned meeting decision may be taken irrespective of the amount of Bonds represented at the Meeting provided the proposal is passed by at least 75% of the votes cost at the adjourned Bondholders' Masting.

Decisions which have been taken at the Bondholders' Meeting in with the rules pertaining thereto are binding on all Bone The complete proposal for the amendment to the Terms and Conditions of the Accumulator Invest A/S 1992 Bonds and the Regulations for Terms and Conditions of the Accumulator Invest A/S 1992 Bonds, and detail of the Moeting of Bondholders, are available from Accumulator Invest A/S upon a request addressed to the registered office, 45, Amalicande, 1256 Copenhagen

By Order of the Board Copenhagen, 21st January, 1992

> MOOTMICH BUILDING SOCIETY

£150,000,000 Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes, outles is hereby given that for the three month interest period from (and including) 23rd Jamsey, 1992 no (but excluding) 23rd April 1992, the Notes will carry a trate of interest of 18th per cent, per annum. The relevant interest per annum. The relevant interest per annum, 18th to 23rd April 1994. The coupon amount per \$5,000.00 will be £133.64 and per £100.000 will be £2,072.81 payable against surrenter of Coupon No. 8. In accordance with the terms and

Hambros Bank Limited

Brussels strives to keep minut farm reform plans on track

THE EUROPEAN Commission was last night trying to keep its plans to overhaul the Com-mon Agricultural Policy on track in the face of attempts by serial member states to post-pass decisions until the out-came of the Druguey Round world itsade negotiations is

known.

As heared, the impasse over farm subsidies within the General Agreement on Tarifs and Trade negotiations is calling into question the European Community's internal farm reform process, which the commission had managed to push inwards near consensus by the end of last year.
EC farm ministers broke off

AC form ministers broke off their meeting here last night to enter lengthy hilateral negotia-tions with the Portuguese pres-idency of the RC and the com-mission. These were expected to try to resolve by today the "thicken and egg," question of whether enough member states feel shie to decide levels of reduction in CAP support reduction in CAP support before the level of subsidy cuts within Gatt is agreed.

The council meeting open-ned with six of the 12 - Denmark, the Neiberlands, the UK, Ireland, France and Italy saying the Uruguay Round outcome must be known first. Mr John Gummer, UK farm minis-ter, first in to the bilateral "confessionals" with the presidency and commission, said "we must wait for a Gatt deal and find out what it is, and them work for a CAP deal".

The CAP reform proposed by the commission envisages sharp cuts, centred on a 35 per cent reduction in cereals support prices over three years, refunded to farmers on the basis of average yields in the 1989-91 reference period, thereby getting rid of the incentive to produce more grains, the main product in the farm subsidies dispute within Gatt. Larger farmers would have to take land out of production to get the compensa-

The agriculture chapter in the draft conclusions of the Uruguay Round, requires a 36 per cent cut in export subsi-

dies, a 24 per cent cut in the volume of subsidised exports, and a 20 per cent drop in domestic support, all over six years. Though seemingly com-patible, the Gatt formula would not allow the EC's direct compensation payments in to the "green box" for "neutral" subsidies, even though they are tailored to restrain produc-tion, which would feed through into less subsidised exports

which distort trade.

The commission insists it needs some recognition of this quasi-decoupled compensation if it is to make the cuts. It also fears that some member states now see the opportunity to play off the two negotiating processes, thereby winning back the ground they had ceded in the CAP talks throughout last year.
Mr Ray MacSharry, the EC

agriculture commissioner, can

- his officials say - threaten
to introduce cuts without any compensation at all as part of this year's price package, in an effort to cajole ministers and the big farm lobbles into line.

NAMES OF STREET STREET STREET STREET Milk board launches co-op plan

By David Blackwell

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THE MILK Marketing Board for England and Wales yesterday launched plans to become a single voluntary co-operative with pooled prices.

The plans, which follow two years of painfully slow progress towards reform, include the length to with producers of

the issue to milk producers of shares in Dairy Crest, the MMB's wholly-owned subsid-iary with a 25 per cent stake in the UK's manufactured dairy

products market.

The Dairy Trade Federation, which represents dairies and processors and has resisted any MMB attempt to keep con-ind of Dairy Crest, said: "This is a major step forward. We strongly support the separa-tion of Dairy Crest with its shares to be directly owned by defry farmers".

The two sides have been

locked in a stubborn contest about how the UK's 60-year-old

cartel should be reformed to meet the challenge of the 1990s, particularly the single

European market. Mr Bob Steven, chahman of the MMB, said yesterday the board would have preferred to maintain the old scheme, amended within a European context. However, change was inevitable, and the board's objective now was to create a worthwhile industry that gave formers a chance to maintain

their own destiny.

Mr Andrew Dare, a former president of the DTF who shocked the industry by becoming an adviser to the MMB, said that shares in Dairy Crest would be given to existing milk producers on the basis of the with the control of the contro basis of the milk they had supplied in the past over a given period. The shares would be tradeable among milk producThe plan would give Dairy Crest clear objectives and put it on an equal footing with

competitors, he said.

The single voluntary co-op could be the strongest and most efficient marketing organisation in Europe. It would collect milk, pool it and pay the farmers monthly as now, as well as maintaining quality assurance. But at the end of the day the new co-op would only survive if it met its customers needs,

Prices, now fixed according to what the milk is used for, would be set by an agreed pric-ing system "to be discussed with the dairy trade, Maff [the agriculture ministry] and the European Commission," the

Mr Steven said he would be surprised to see any legislation before the coming election.

Strike threatened at Russian gold mine

A MAJOR Russian gold producing company is threat-ening to strike unless the govening to surge unuses the gov-ernment raises the price it pays for gold and meets other demands, according to Tass news agency, reports Reuter

The independent Interfax The independent far east-news agency said the far east-company. Yakutia Gold,

reary 10. Tass did not mention the warning strike at the state-owned company, which it said accounted for about 15 per cent of Russian gold output, offi-cially estimated at about 150

tonnes in 1981.
Yakutia Gold, which has three refineries, will strike from February 9 if urgent measures are not taken to hanl the

es wern "on the brink of crise trophe" as a result of heavy taxes, low gold prices and sharply rising prices for equip-ment and other goods. "Closing the enterprises in February, in his opinion, is the

only way to influence the govent," Tass said. Mr Desyatkin called on the government to review the prohad already decided to hold a industry out of crisis, Tass ducer price for gold, bring it up two-week-warning strike on quoted Mr Taras Desyatkin, to world market levels, change a year of cathodes the industrial action on Feb.

He said Yakutia's gold production other obligations to workers.

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Chile plans **\$430m boost** for copper

By Lesile Crawford in

production

CODELCO, THE state-owned Chilean Copper Corporation, is raising its investment budget by 16 per cent to \$430m this year to develop new ore bodies and reduce toxic emissions at its ageing smelters. The budget increase marks an impor-tant victory for Codelco, which lobbied a reluctant govern-ment for more funds to maintain its position as the world's biggest copper producer.

"The importance of this

year's budget is that it sets a benchmark for future years," Mr Ignacio Guerrero, Codel-co's financial vice-president, said yesterday. Investment lev-els of the past two years — \$330m in 1990 and \$370m in 1991 – were not sufficient to combat falling output and declining ore grades at Codel-co's ageing mines.

About half of this year's investment budget would go towards prospecting and devel-oping new ore bodies, Mr Guerrero said. Another 20 per cent would be channelled towards environmental protec-tion. Chaquicamata, the vast copper complex in the Atacama desert, would get a new sulphuric acid plant that will submittle sent plant that wind absorb noxious sulphur dioxide emissions. Smelters at Potrurillos and Caletons were also scheduled for overhand.

Codelco plans to start

exploiting low-grade copper sulphides at Chuquicamata and at two other mining divisions, Salvador and El Ten-iente. In the mid-1990s, a new mine to the north of Chuquimme to the north of Chuqui-camata, recently christened Radomiro Tomic, is scheduled to come on stream. Productive capacity at Codelco's smallest division, Andina, is also being expanded.

The company hopes that The company hopes that these new projects will reverse the trend of declining output of the past two years. It produced 1.1km townes of radiacd copper in 1991, down from a peak of 1.2km townes in 1989.

However, most of Chile's proposed company production in increased cupper production in the 1980s will come from large private sector projects under construction. The latest of construction. The latest of these was announced yester-day by Rio Algom. The Cana-dian mining company said Chile's foreign investment committee had approved its plans to develop the \$290m Cerro Colorado mine in the

Atacama desert.

Rio Algom plans to bring the mine into production by late-1994. Carro Colorado's reserves of 79m tonnes, with an average one grade of 1.29 per cent copper, will be sufficient to produce 46 000 transrecent copper, will be suitcient to produce 40,000 tonnes
a year of high quality copper
cathodes over the mine's 23year life.

Inc. nave the money to mance
produced to so per cant of segar
produced on the open market
to compensate for the loss
out the possibility of large
as is expected.

Mr Dhanuka does not rule
incurred on the 45 per cant
are firmly against a return to
sugar-cane to other crops.

Yemen's oil-fired optimism

Bidding has been intense for exploration rights, writes Eric Watkins

EW DISCOVERIES of oil, gas and precious metals are leading the way to brighter economic prosway to brighter economic pros-pects in Yemen, long consid-ered one of the world's least developed countries. Precise estimates of the country's potential have yet to be de

mined, but experts are enthusi-astic about initial signs. Exploration rights have been purchased by 18 oil companies over the past year and one of them, Canadian Occidental, has already reported a major find. Located at Masila, in southern Yemen, the new field was early this month declared commercially viable, with total reserves at 550m barrels, of which 235m barrels are recov-

Can-Oxy plans to start pro-duction in mid-1993 after an accelerated programme of With exploration still in the

early stages experts are wary of making precise predictions about Yemen's oil potential. But most agree that the country will be able to produce about 1m b/d in the foreseeable future.

Though Yemen's first comnorth, most exploration is now concentrated in the south, particularly around Shabwa in the Hadramaut Valley. Oil companies had long suspected that there were considerable reserves there, but concession rights in the former Marxist state were dominated by the lovert Union.

Unification of North and South Yemen in May 1990 opened the way for western companies and the new Yemen government has been quick to rations on the site, Hunt also

petition for concessions has been intense and that the bidding for rights has been unusually high. But they point out the potential rewards. Yemen's

oil is said to be first-rate, with a low sulphur content and a high ratio of associated gas. The Organisation of Petroleum Exporting Countries must cut oil output to prevent sharp falls in crude prices as Knwaiti production continues to climb and Iraq looks to resume oil sales to an already glutted market, Mr Hamoud al-Roobah, Kuwali's oil minister, said yesterday, reports Reuter from

He said it was difficult to say how much Opec must trim output by but its ministers should agree on an effective formula when they meet in Geneva on February 12.

Comparable in quality to Arabian light crude, Yemen's oil is said to require little refining and so may attract premium prices on the world market. While optimistic about Yemen's potential, oil executives nonathaless and that full commercial production is still several years away. Apart from selsmological work, explor-atory drilling and assessment of commercial feasibility, pro-duction can be further delayed

by the nature of a site and it surrounding terrain. A time span of three to five years between discovery and production is generally thought realistic. That is supported by the local experience of the Hunt Oil Company. In July 1984 Hunt appropried July 1984 Hunt announced Yemen's first commercial oil strike, but exports did not begin until three and a half years later.

Apart from oil, Yemen is also reported to have immense gas reserves. Indeed, the country is now rumoured to be sit-ting on top of the world's big-gest gas "bubble".

According to industry insid-

gas has come as a surprise and has led to difficulties between Hunt Oil and the Yemen government over concession rights to the unexpected find. Hunt officials, however, play down estimates of Yemen's gas reserves and sharply deny any breach with the Yemen government over concession rights. One says the two sides have now signed a joint protocol to study Yemen's gas potential and results are expected by

late February 1992. Depending on the outcome of that study Yemen's income from gas could be considerable, especially from its reserves of natural gas. Liquefied natural gas Liquefied natural gas is an alternative to oil in the generation of electrical power and has potential mar-kets throughout the industria-lised world. Marketing experts are said to be paying especial attention to Korea and Japan

where LNG is used extensively

of uranium deposits in alto-gether new areas of exploration. They stress, however, that their explorations have only just begun and that much preliminary work remains to be done before any reliable statements can be made about Tentative as they are, these new discoveries of Yemen's

potential mineral wealth are bringing a sense of optimism to the country. Chronically one of the world's poorest nations Yemen was especially hard-hit by the Gulf war and for most of the past year its economy has suffered from steadily rising inflation and unemploy-ment. Recent times have been hard for Yemen and its problems may continue for a while yet. But, as one oil executive put it: "I'm bullish on the

Yemen is also said to have considerable reserves of liquid propane gas, used for domestic

purposes such as cooking and

heating. Though Yemen's reserves have some export potential, their primary use

will be for domestic consump-

tion thus ending the country's

former dependence on imported supplies. While oil and gas are certain

to be the main sources of Yem-en's mineral wealth, exporters

are also looking into its mining potential. That potential has

indeed, mining experts are now using ancient historical docu-

ments to guide their initial

Preliminary reports are so far sketchy. But in addition to

traces to gold and silver at traditional mining sites, geologists also hint at the possibility

Indians want to double sugar exports

ers' lobby, are forcing the mills to pay up to Rs16 a quintal more. The mills are supposed

to make sufficient profit from

(Prices supplied by Amalgamaind Motal Tridding) HIGH MINADE COPPER IS (MID life; cents/its)

the sale of 55 per cent of sugar

By Kunai Bose in Calcutta

THE INDIAN sugar mill industry wants the govern-ment to authorise exports totalling im tonnes on the world market this year, up from 525,000 tonnes in 1991. At prevailing world prices the sales would be at a loss but the industry is keen to maximise exports because of expected oversupply throughout the year, according to Mr Om Dhanuka, spokesman for the Indian Sugar Mills Association. Last year's exports left the industry with a loss of about Rs450m (29.7m) and this year's will be at a minimum loss of Ra160 a quintal (100 kg).

The government, facing a serious balance of payments crisis, is likely to accede to the industry's request. It has , however, turned down a sug-gestion to create a buffer stock of 1m tonnes, claiming it does not have the money to finance

WORLD COMMODITIES PRICES

worse in the current year.
According to Mr Dhanuka, the
industry is moving deeper into
the red because of the unscienising a little over Rs700 a quintal, compared with the break-even price of Re970s tific pricing policy for sugar-cane and the high percentage of sugar the mills are required to sell to the government at much below production costs for distribution through "fair Because of these poor

returns, the mills are not able to clear their cane bills. By April, the problem will be assuming threatening proporassuming threatening propor-tions when cans arrears are likely to be exceed Rs7m. At one point last season the uncleared came bills amounted price" shops.

Every year the federal government lays down the statutory minimum price for cane, to Rs8.5bn. About Ralbn from which forms the bests of the levy sugar price. For the 1991-92 (October-September) season the minimum cane price is Rs25 a quintal, based on a sugar yield of 8.5 per cent. But the states, seeking to placest the powerful cane growers' lobby, are forcing the mills the last season's arrears has been brought forward into the

The farmers, furious with the mills for their fadure to clear their bills, have in many places destroyed the ration (antumn crop), otherwise sugar production in the current seeson could easily have reached 18m tonnes, instead of equal-ling last season's 12m tonnes, as is expected.

Brazil searches for coffee policy By Victoria Griffith in Sao

UNCERTAINTY IS deepening over the Brazilian position at the next International Coffee Organisation meeting in London on 5 February. A meeting between exporters and the Brazilian government to define a new price listing proposal was postponed to today because of what the government referred to as "scheduling problems". The Brazilian coffee sector

has been floundering for the policy since its proposal (made jointly with Colombia) for the retention of 10 per cent of pro-duction in an effort to boost prices was rejected a few months ago by other major cof-fee producing nations, who felt of the International Coffee Organisation's export quota system, suspended since July

MARKET REPORT PLATINUM'S PRICE discount against gold harrowed sharply yesterday as the white metal led an advance at the London buillon market. The platinum price closed at \$351.25 a troy punce, up \$8 from Friday, while gold was up \$1.50 to \$356.15 an gunce. Silver edged up after Friday's sharp fall, ending i cant to the good at 418 cents an conce. "Physical demand and a little speculative activity have The state of the s helped the metals," one Zurich dealer said, adding "the firm opening on Wall Street helped sentiment in white metals a little". Magnwhile = London trader suggested that "people are trying to trade the gold/platinum spread to flat again." At the London Metal

London Markets

- A	Create off (per barred PDM)	ŧ	+ 67 -
	Dubei Brent Bland (deted) Brent Bland (Mar) W.T.L. (1 pm aut)	\$15.40-5.50q \$18.50-8.60 \$18.25-8.35 \$18.15-9.20q	+0.20
lege Target	Oli produtto (NWE prompt delivery per t	onne CIF)	+ or -
and the state of t	Petroleum Argue Estimates	\$200-203 \$162-183 \$62-64 \$182-184	-0.8 +1 -1
A Service of the Contract of t	Climar		+ 01 -
Barrell Britanis Commence of the Commence of t	Gold (per troy cz)di Silver (per troy cz)di – ; Platinum (per troy cz) Paliadium (per troy cz)	4180 4180 2361.25 285.5	+1,00 +1 +8.0 +1,25
	Copper (US Producer) Lead (US Producer) Tin (Kanin Lumpur market) Tin (New York) Zinc (US Prime Western)	102,17a 37a 14,20r 252,6c	+1.63 0.19 0.8
	Cattle (five weight)† Sheep (five weight)† Inches	107.69 105.96p 13.89p	+1.07" +5.00" +4.55"
	London daily sugar (raw) London daily sugar (white) Tate and Lyle signet price	\$213.4y \$272.4y \$227	-0.5
To the Walter	Burley (English tegd) Maize (US No. 3 yellow) Wheat (US Dark Northern)	£1232 £146 £101	
, 1 (4) S	Rubber (Mar) W Rubber (Apr) W Rubber (RL R35 No 1 Feb)	\$1.25p 51.60p 214.0m	+0.25
Control of the second	Coconut of (Philippines)* Peter Oil (Matayalari)* Copra (Philippines)*	TOTAL STATE	-25
15.	Stylenous (US)	£148	+1
	Cotton "A" Index	TH.000	-0.5

Colton "A" Inges. 1100 -0.5
Woollope (84s Super) 411p 2 a tonne unless otherwise stated, p-pence/kg c-centerio. I-ringging, q-Mar e-len/feb u-len/ Mar whiter Apr y-Feb/Mar z-Feb. (Meat Commisvion average telebook prices. " change from a week ago. Wilandon physical market. SCIF Rosterdam 💠 Buildon market close. m-Malayelan contains. \$50000 prices are new live weight prices.

Exchange siuminium prices maintained the recent bullish sentiment. The cash price closed at a 5½-month high of \$1,267.50 a tonne, adding \$18 to last week's sentiment. The cash price closed at a 512-month high of \$1,267.50 \$61.50 rise and taking the rise on the year so far to \$141. Dealers said the tone was aided by an early burst of Far East buying, short-covering, options-related patterns. But nickel continued to retreat from the upside resistance profit-taking pressure the cash price closed \$105 down at \$7,760 a tonna. Copper prices bounced with cash metal gaining £33 to

NAME:	-1-	POX	(\$ per t	Ю
law	Close	Province	High/Low	
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Jec Jer	187.40		188.80	_
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			e of 50 tonnes): Mar 1476.80	. 1
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viey has	18.15 18.10	17.26	18.16 17.9 18.10 17.8	5
hit	18.08	17.00	18,00 17.9	ö
Sep PE Ind	18,10 ex 18,11		16:10 17.0	6
	17973 C			_
	C - D4		\$	ne
	Close	Previous	High/Lim	_
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Nor May	168.00 188.25	185.25	168.50 168.25	•
	166.25	165.00	1年50 1年3	ŀ
	167.50	188.25	160.75 (67.50 170.25 189.50	
ken .		168.50 179.50	170.25 199.50	
keri Aug Aug	168,50			
ken kul kug Sep	169,50 171,50	172.25	174.00 173.50	,
lum lul lug lep lct	169,50 171,50 173,50	172.25	174.00 173.50 of 100 tonnes	_

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	E - Lone	des BOX		\$/tonne	Ces
-	Close	Previous	High/Low		I m
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Tumor	er 271 (56	A)			Nev
					_
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Joh	110.45				Cop
Berley	Close	Previous	High/Low		210
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Phil	117.5	115.0 115.0	117.0 115 116.5 115 114.5 115	.0	700
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					Bes
					_
	- Louis	POR		y Vol	170

,	ANYLAN best of	(III per tonne	ŋ	
Cash	1267-6	1249-50		1260-1
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Copper, Gra	ide A (E per			
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ead (£ per				-
Cash I manife .	280-1 287-2-5	391.5-62.5 263-94	294/292	261-2 268-3-8
Cohil (3 pe				
	7755-65	7860-70	name	7790-5
	7585-40	73100-35	7910/7800	7780-8 7880-70
Tin (5 per to	onne)			
Cash	5425-35 5485-86	\$440-50		5444-5 6490-50
		\$505-10	5500/5480	5490-50
	el High Grad			-
Cash 3 months	1178-9 1164-5	1182-83 1196-45	1170/1170	
ALE COM	e ste man	1100	10071100	
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ONNO T	MALIEN THE	ASSESSED NO.		New
	plied by N M			
Bold (fine a			ivelent	GOLD 100
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Morning fix		198.4 199.2		Feb 35
Afternoon fi Dey's high	356.70-357			Mar 35
Day's low	354,70-355	L00		Jun 35
acco Lebr M	Lang Digital Lie	miles States	(No LIES)	Oct 36
month	3.29	6 months	3.26	Dec 36
E INDITINE	3.30	12 mornin	3.26	FWG 36
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See 12	p/fine oz	US_ct	s ednia	Cl
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Mary 78,00 78,55 70,00 Jul 80,75 81,20 81,80 60,70 Sep 84,6 54,00 84,25 83,40					
Jul 80.75 81.20 81.80 60.70 Sep 81.66 64.00 84.25 83.40	Mar May	76.00	78.55	70.35	78.00
	Jul	80.75	81.20	B1 60	60.70 83.40
Maj 93.15 90.65 90.80 90.80 Maj 93.15 93.00 0 0	Sep De-		87.56		0
May 93.15 93.00 0 0	Ми	DU. 15	90 65	90.80	
	May	93.15	93.00	Ü	ū
Moices	REL	TERS (Ba	se: Şeptemi	per 16 193	31 = 100)
RRUTERS (Sese: September 18 1931 = 100)					
RRUTERS (Base: September 16 1931 = 100)				1999.1	1680.4
REUTERS (Base: September 18 1931 = 100) January January month ago yr ago	_	1601.			3291
RBUTERS (Bese: September 16 1931 = 100) June 17 Jan 24 moth ago yr ago	_		Base: Dec.	31 1974 -	100
RESTERS (Beac: September 16 1931 = 100) Jun.127	<u> </u>	N TOKER (
RBUTERS (Bese: September 16 1931 = 100) June 17 Jan 24 moth ago yr ago	DON	Jan-2	Jen.23	धाराण क	go yr ago 121.29

(a)	Kerb det	B Open	Interest		Citres	Provious	History	
		turnover \$	_	Pro-			98.75	
_			.,	مين Peb	96.05 98.05	96,60	96.80 96.80	96.05 97.95
	1206-90	134,2	05 lots	Mes	96.40	98.90	99,25	98.20
-	Total dadly	tumover 2	9,356 lots	Apr	98.35	88.85	0	0
_				Jun Jun	98.30 96.35	96.80 98.80	99.06 D	96.20 0
	1262-3	110,5	17 lois	الزال	98,40	99.95	DD.00	96,30
	Total dali	y furnover	2,283 lots	ALC:	98.50	89.05	0	0
_				Sep Oct	98.60 96.60	96.10 98.10	99,30 D	96.80 0
	299-1.5	18,45	7 lots	Ja	50.00	- IU	•	•
	Total deli	MINIOVER .	4,210 loss	CRUD	LOIL (Lig	ht) 42,000 L	ili gaile š/b	елтеі
					Close	FreeGLE	High/Low	
	7790-800	21,00		Mar	79.39	19.00	19,37	19.07
	Total de	ily turnove	r 951 leis	Apr	19.48	19.11	19,50	19.19
				May	19.49	19, 14	19,50	19.19
_	5485-05	6,074		Jun Jul	10,46	90.13 18.12	19.45 19.40	19.18
	Total dail	y turnover	9,985 lots	Aug	19.40	19.11	19.33	19.12
	same o	40.00	O lede	Dec	19.38	10,10	19,34	18/12
	1188-9	43,86	8 lois	Oct	19.37	19.10	19.35	19,11
.72	44	© most	hec 1,7054	Nov Dec	19.36 19.36	19.11	18.36 19.37	16,14
		- (1-4A)						
				HEATT	HE OF C	1,000 US ga	N. CHIEVU	S palls
¥ 4	ork				Close	Proprious	High/Low	
	2.; S/troy e			Fob	5539	6470	5555	5485
-		_		Mar	5548	5475	5550	5445
_	Previous	High/Low		Apr	5412 5326	5384 5258	5425 5340	5255
	54.4	0	6	Jun	5273	5208	5275	5225
	354.7 355.6	357.2 353.0	354.6 357.0	Jul	5273	5208	5275	5230
	350,6 386.7	250.0	356.6	Aug	5360	5280	5350	5345
	358.8	361.3	358.6	Det Oct	5480 5580	5410 5510	5490 5600	5490 5570
	361.0	đ	0	Nov	5680	5610	570G	5700
	363.2 365.5	0 368.0	0 366.6					
	367.B	358.2	368.2	COCO	_	TOTAL		
) hr	y oz S/tro	v oz.			Close	Previous	High/Low	
_				Mpr	1176	1208	1206	1167
_	Prevenus	High/Low		MAY	1216	1244	1241	1209
	348.5	0	0	Jul	1255	1287	1278	1249 1251
	348.5 348.5	354 0 354 0	349.0 350.5	Sep Dec	1285 1320	1308 1348	1300 1338	1317
	349.5	355.0	355.0	-Agur	1353	1385	T355	1355
	350.0	0	0	May	1374	1406	0	0 1410
סינ	y cz; cents	Arcy cq.		Sep	1394	1426 1456	3410 0	0
	Province	High/Low		Dec	1454	1496	Ō	Ŏ
	414.7	0	0					
	4147	0		SUSAI	S BUCKED	**15 712,00		s/lbs
	416.3	421.0	413.5		Close	Previous	High/Low	
	419.4 422.6	423.5 427 B	420.0	Marc	8.56	8.63	8.63	8.53
	426.0	428.5	428.5	May	8.60	8.64	8.64	8.55
	43118	435.0	430.0	Jul	8.60	8.65	8.65	8.58 8.60
	433.5	0	0	Oct Mar	8.66 8.67	8.67	8.69 6.70	8.69
	437.8 441.8	0	Ü	May	8.63	8.60	0	0
_	500tbs; cen							
_				- COTT	ON 50,000	; cents/lbs		
•	Provious	High/Low			Close	Previous	High/Law	
	75.70	76.10	75.05	Mar	54.18	55.50	56.30	54.16
	78.55	71)0125 B1 60	78.00 80.70	May	JA.10	57.20	56.95	56.00
	81.20 54.00	84.25	83.40	آنیال	57.52	58. 57	51/30	67.50
	87.56	0	0	Oct	60.02	81.05	80.98	80.00
	90 65	90.80	90.80	Doc	60.85 62.37	63.45	61.60 63.30	80.85 62.50
	93.00	0	0	May	65.12	64,12	64.00	63.50
					60,75	54.82	0	0
-				· —				
_				OILLIN	GE AUG	15,000 fts.		
202		er 16 1931	= 100)		Close	Previous	High/Low	
æ	Jen.24	way end	yr ago	5000			149.60	DAY.DO
1.5	1602.8	1599.1	1680.4	Mar	142.50 143.00	141.85 141.85	143.60	141.70
_		1 1974 =		May Jul	143.05	141.75	143.00	142.40
_				500	140.00	132,75	140.00	140.00
24	Jan.23	mit ago		Nov	131.15	130.25	9	0
11	115.05	111.05	121.29	Jan	15.01	150.15	149.00	148.50
98	120.37	118.24	121:25	Mar	131.00	129.05	0	0

-	Ch	leag	0		-	
_			00 bu min; s	anic/60th be	uncinal in the	_
		Cless	Previous	High/Low		
	Mari	576/8 584/4	581/4 588/2	580/2 587/4	573/4 581/0	
	Jul	\$82/6	\$96/4	586/4	580/4	
	Al/g Sep	399/4 399/4	509/4 602/2	589/0 609/0	594/G 898/G	
	Nov	607/6 616/0	609/6 515/4	611/4 619/0	805/0 513/4	
_	SOYA		E0,000 fes; s			
_		Close	Previous	High/Low		
	May	19.37	19.54 19.62	19.50 19.79	19.32 19.81	
	Jul Aum	10.95	20.10	30 to 20.20	19 91 20.09	
	Sep	20.26	20.37 20.45	20.33 20.50	20.23 20.35	
	Dec	20.67	20.77	20.60	20.65	
	JAMPA	20.65	20.75	0	0	
	AYOM	DEAK ME	4. 100 tons:	E/Yori		_
		Close	Previous	High/Low		
_	Mar May	177,9 178.0	178.4 179.4	178.3 179.3	176.2 177,2	
	أندل	180.2	180.7	181.1	179.2	
	Aug	197.4 181.6	182.0	181.4 183.0	180.D 180.B	
	Dec	195.5 198.0	195.5	196.5 196.2	195,0 186.\$	
	Mar	199.5	200.5	0	0	
	meta	Ciose	Provious	High/Low		_
_	Mar	262/0	263/6	263/6	261/6	_
_	May	268/6 273/2	270/0 274/4	270/0 275/0	268/0 273/0	
_		270/6 267/6	271/2 267/6	272/4 270/0	270/4 286/4	
	Mar	274/2	274/0	275/6	272/4	
	-					
	WHEA	T 5,000 bu	Previous	60lb-bushol Hugh/Low		
	Mer	439/2	437/2	442/6	idel	
	May	419/4	417/2 386/2	422/4 388/4	414/4 382/4	
_	Sep	388/4	388/6 398/2	391/2 399/4	386/0 394/4	
_	Mar	398/0	399/4	400/0	396/4	
_	LIVE C	GIOMA	Printing	Highlos		_
	Feb	75.37	75 07	75.45	ME	-
	No.	76.35 71.80	76.12 71.00	78.40 71.90	75.75 71.37	
	Aug	68.27 68.90	68.22 68.67	68.90	68.00 68.40	
_	Dec	69.60 69.45	69.55 69.40	69.65 69.45	69 50	
	PAD	09.45	09.40	10.40	69.20	
	LIVE	10 GS 40.00	30 W; cunts/	lbs.		_
		Close	Previous	High/Low		
	Fee Apr	41.22	40.92 40.12	41.27 40.35	40.85 40.00	
	Jun	44.07	43.70	44.10	40.70	
	Juli Aug	44.37 4 <u>2.9</u> 7	44.27 42.72	44.40 43.05	42.60	
_	Class Dec	40.35 43.15	40.39 43.07	40.55 43.40	40 30 43.10	
	PORK		0,000 fee, ca			_
		Cines	Provious	High/Law	·	
0	Foo	33.45	33.40	33.85	32.95	_
9	Mar	34.05 35.20	33.85 34.92	34.20 35.25	34 60	
	był. Rug	35.90 34,47	35.65 34.10	35.10 35.25	35.35	
		34,47	4000	20.22	34.42	

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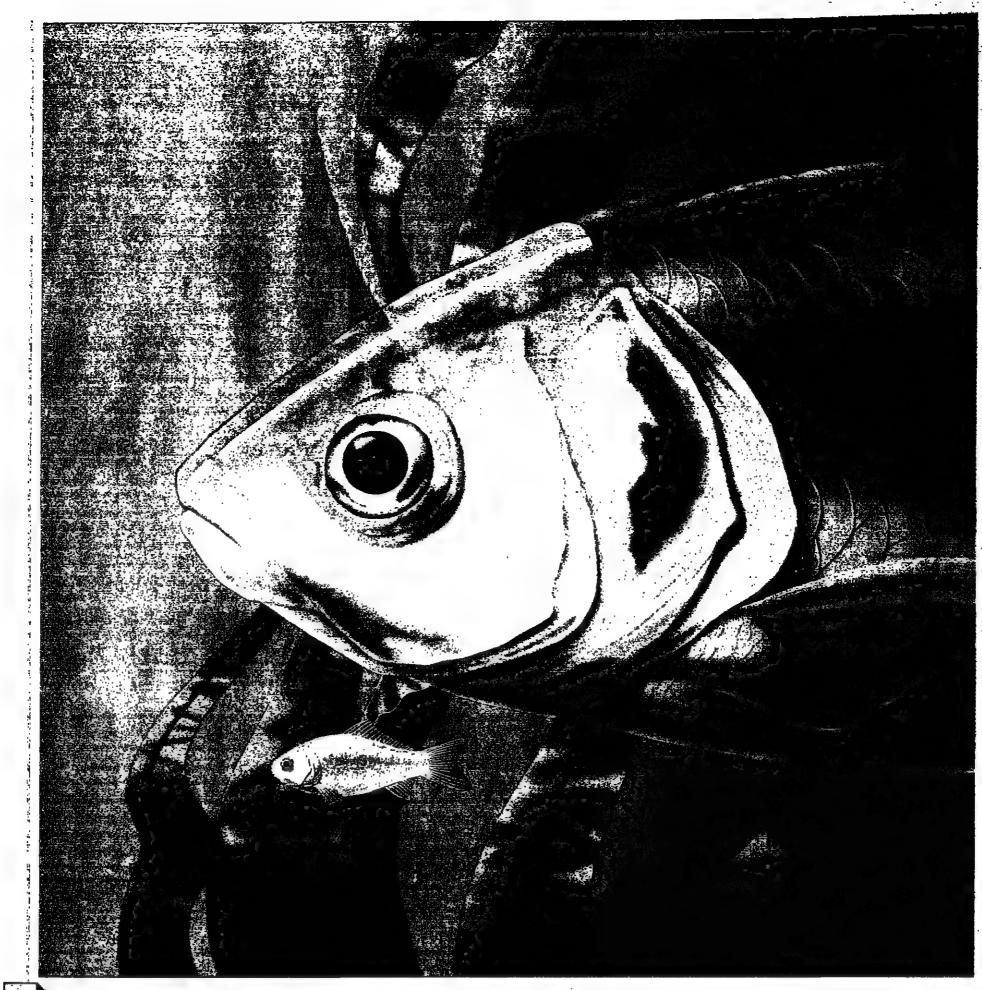
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مكذا ميد بلاص

LONDON STOCK EXCHANGE

New account opens on buoyant note

share prices race higher in response to coinion polls in the weekend press indicating a Conservative party lead, and hints of increased scope for bints of increased scope for another cut in UK interest

rates in the near term.

Better than expected UK
trade figures, and a piedge by
finance ministers and central
hank governors of the Group of Seven countries to promote global economic growth, added to the general bullishness surunding equities . The FT-SE 100 share index

chosed 39.5 higher at 2,539.9. This was well below the day's best level, 2,547.6, or a rise of erately positive opening by

Organisation erupted after rumours swept the market that the company would announce a rights issue with its results on Thursday. The speculation triggered a heavy fall during late trading and the shares decreased to \$250.

dropped to 598p at one stage before rallying to close a net 16

off at 607p. Turnover reached

an above-average 782,000

An analyst said the heavy

debt that Rank carries led deal-ars to suggest a £500m one-for-

three cash call. However, he

added that "it is an easy one for hear raids", and most observers tended towards that

There was also concern that

the dividend might not be

maintained. Mr Hamish Dick-

son at Houre Govett put the fall down to market jitters

the dividend is safe, although we remain negative on the stock," he said.

Ms Jane Anscombe, at BZW,

is a buyer of Rank and cites key fundamentals which have yet to make themselves felt on the balance sheet, such as the

Waters surged forward on

the back of opinion polls favourable towards the Conser-

vatives. Some tirokers also reccampended the stocks follow-ing the sector's recent poor showing, which put it at

its lowest rating since the

Panmure Gordon has

Mecca purchase.

Utilities wanted

Marketmakers, who adopted a cautious view on the market Opening 18.3 points ahead, late last week, were said to be finished a penny off at 48½p.
One leading electronics specialist supported the company view. "This will blow over **Pre-finals** raid hits

quite quickly. I see no reason why Racal will not make those Rank Fisons strong RECENT anxiety over Rank

An early gain in Fisons was clipped back as speculation faded that Medeva might bid for the group. However, Fisons shares turned sharply higher in the afternoon to close 14% up at 349p.

Account Dealing Dates

Jan 27

Feb 7

Feb 17

the Footsie never looked back.

Dealers, said to be running

extremely tight trading books, and worried late last week

about the weekend's spate of opinion polls, marked prices sharply higher in an attempt to head off any hig buying interest. A strong opening by the Footsie future also drove the market higher

Feb 21

Lest Dealinge: Jan 24

The stock was supported in early trading by a report in a Sunday newspaper that Medeva had lined up Fisons for a £2.5bn takeover bid. Medeva denied the talk and ended the day 7 better at 255p.

The pharmaceuticals sector was strong amid a feeling that many of the stocks have been oversold recently. Glaxo rose 17 to 859p and SmithKline Bee-cham picked up 20 to 908p.

Wellcome was helped by a statement that it had reached agreement to sell its environmental health business to Roussel Uclaf, of France, for 243m. The price was less than some analysts had hoped for but the shares, which were firm earlier, advanced on the

Body Shop forged ahead 89 to 362p on good turnover of 1.2m, receiving a boost from a positive article in Barron's, the US business weekly. It also gained from a general rebound in the sector and a feeling that Body Shop was oversold after recent profits downgrades by

Clinton Cards jumped 14 to 790 on press speculation that W.H. Smith was about to launch a bid in spite of a denial by the latter yesterday. concerned about the prospect of dividend cuts from some of the UK market's big names in the next few weeks, after last week's dividend reduction by

An illustration of the market's concern about possible dividend cuts came late in the session when Rank Organisa-tion shares tumbled amid suggestions that the group may reduce the payment when it reveals preliminary figures on Thursday. There was also the suggestion that Rank could take the opportunity to launch a cash raising exercise via a rights issue. A more straightforward explanation for the steep decline in Rank shares, according to one specialist, was that one broker had

attempted to place a line of

Clinton said earlier it had not

received an approach and was not aware of any impending offer. W.H. Smith shares ended

A downgrade on P&O left the shipping group's shares 7 lower at 440p. Charterhouse Tilney, the stockbroking arm of Royal Bank of Scotland, cut

its 1992 profits forecast by

cautious overview of the ship-

ping sector.
Charterhouse recommended

that their clients switch from

P&O to Eurotunnel, which

gained 25 to 457p.
Profit-taking and the recent "topslice" recommendation issued by Kleinwort Benson pushed British Airways down

Television issues were in

good form, gaining support from a hefty note on the sector

by S.G. Warburg Securities. Scottish Television, which the

house has as a soft buy, strengthened 13 to 728p.

Pre-press and printing group

Wace fell sharply on market speculation following weekend press reports on IRA links with the stock market. The company took the unusual step of issuing a denial yesterday. The statement beloed the shares to rally and they ended a net 11 down at 1880, after being 22 of

Argos firmed 3 to 271p, but

on a day when the stores sec-

tor was strong the shares underperformed the market in

keen trading. The retail team

at BZW has changed its recom-

mendation on the stock from

hold to sell, pointing out that Argoe shares now stand at a 50

ber case prospective brandam

price has underperformed the market by 9 per cent since the middle of last year and this

According to BZW the share

bome 200,000 shares.

8 higher at 461p.

note of caution in an otherwise tor in the strength of the pharbuoyant trading day. It was also pointed out that last week saw a growing number of cash calls in the market. steady flow of generally

small buying orders kept prices high throughout the day. Turnovers, however, remained pitifully thin. Yesterday saw only 448.1m shares traded, well down on last week's numbers which saw the week's numbers which saw the level of business top 600m on The better-than-expected

December trade figures helped sentiment and kept sterling on D-Mark. Against the dollar, however, it was a different story. Sterling was sharply lower against the US currency and American buying was said

FT-A All-Share Index

Equity Shares Traded

800 800 400 200

trend will continue, as Argos

Among life assurance compa-

nies, Legal & General touched 380p and finished 7 ahead at 375p. It announced that, in order to reduce the effect of

volatile general insurance busi-

ness on mainstream life and pensions profits, the company had reinsured 40 per cent of its

household property structure

L & G lost £38.3m at the half-

year stage on £121.4m premium

income on its UK property

and contents accounts

Source: Detectreum 1991 -

The Rank story prompted a to have been a substantial facmaceuticals sub-sector.

Politically sensitive areas of

the market responded readily to the opinion poll readings. Water stocks, the Labour Party's main target for re-nationalisation, surged higher, as did the regional electricity stocks. There were worries among

some commentators about the pace of the market's reaction to what is seen as a glimmer of hope on another cut in domestic interest rates. Mr Ian Har-nett at Sociéfe Générale Strauss Turnbull, the French-owned investment bank, described the market's response as "an excessive reac-tion to some small pieces of good news," but expected the Footsie to test the 2,550 level

the UK economy, jumped 24 to

Airtours rose 11 to 244p after the scrip issue. Hoare Govett, the stockbroker, raised its prof-its forecast for Airtours following the news from the com-pany last week that bookings were up by 95 per cent. Hoare is looking for £38m, up £1½m, for this year, and an extra £1m in 1993 at £43m.

Granada Group rose on weekend reports that BSkyB would move into profit by March. The shares gained 7 to

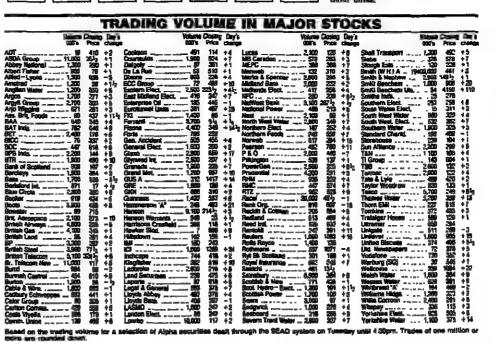
BT fully-paid added 6 at 324 p ahead of Thursday's finals and expected Oftel document. Analyst Mr Marshall Whiting at stockbroker Gilbert Eliot is positive on the stock, believing the cash flow to remain strong and the regula-tory outlook as fair, with a service sector downturn the main Lucas was strong on the

back of a recommendation from Strauss Turnbull, It is aggressively bullish on the prospects for the year ending July 1993, and believes the company will make around 2100m, compared with the market's present average forecast of £70m. Lucas moved ahead 6 to 120p.

MARKET REPORTERS Peter John, Colin Miliham Christopher Price, Steve Thompson.

Other market statistics, including the FT-Actuaries Share Indi-ces and London Traded Options.

87.94 82 17 127.4 49.18 (18/9/91) (2/1/91) (9/1/35) (3/1/75) 100.14 90.59 1966 4 1944 9 1963.5 1961 8 1974 1 1697.9 2108.3 1606.3 2108.3 49.4 (2/9/91) (16/1/91) (2/9/91) (26/6/40) 152.8 152.6 154.6 156.3 160.6 2539.9 2510.4 2525.3 2522.0 2543.4 2170.3 Inna 100 Gry, Sept 15/10/25, these int, 15/31, 0 (inny) 1/7/36, Gold mines 12/9/35, these 1000 FT-SE 100 31/15 8 FT-SE Entitlight 200 26/10/90, to MB 17/51 28,215 27,489 29,818 990.\$ 1,058.8 1,118.6 28,747 28,588 28,163 503.1 484.2 510.0 GILT EDGED ACTIVITY Indices* rdinary Stare Index, Hourty changes Day's High 1971.5 Open 8 am 10 am 111 am 12 pm 1 pm 2 pm 3 pm 4 pm 1968.4 1967 1 5-Day average 78.7 81.7 FT-SE 100, Hourly changes Day's High 2547.8 Day's Low 2529.7 "SE Activity 1974.
 Open 2528.7
 9 am 2538.5
 10 am 2538.3
 11 am 2543.2
 12 pm 2544.2
 2 pm 2544.5
 2 pm 2544.4
 2 pm 2544.5
 FT-SE Eurotrack 200, Hourly changes Day's High 1178.31 Day's Low 1171.20
 Open 1172.48
 10 am 1172.14
 11 am 1175.01
 12 pm 1176.01
 1 pm 1176.01
 2 pm 1176.01
 3 pm 1176.01



EQUITY FUTURES AND OPTIONS TRADING

AN OVERHEATED premium in stock market futures held back turnover yesterday as investors walted for the underlying equity market to catch up, writes Peter John. The FT-SE contract for

March delivery opened at 2,575, 45 points above cash, and ticked up a further fivepoint gain in response to the general economic optimism.
Although it ran out of steam
at 2,580 the enthusiasm eman-

ating from a weekend MORI poll and the present G-7 sum-mit deterred any unwinding of long positions. On the other hand, the high

premium of March, against its new estimated fair value premium of 18, ensured that it was far too expensive to buy. Active morning trading drifted into desultory two-way business which resulted in a small slide and low closing

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The survey will be included in the FT of that day and will be printed in London. Frankfurt, Roubaix, New Jersey and Tokyo. It will be distributed in 160 countries worldwide.
For further information about advertising to the survey please contact.

Patricas Surridge in London, Tel. 071 873 3426 Fax. 071 873 3079

FT SURVEYS

before after hours dealing. By the official close, March had recovered to end the day at 2,580, a premium of 39. In LTOM, volume was just over 24,000 contracts. The busiest stock option was BT, with 1,520 lots dealt. Most of the turnover was represented by a bearish hedging trade as one UK investment bank bought 1,300 of the May 300 puts at 6. Lourho was also active with 1,475 lots dealt.

NEW HIGHS AND LOWS FOR 1991/92

changed its stance on the sec-tor from "neutral" to "over-SHITE HIGHER (28).

BRITISH FUNCSI (7) TV. Rot 1982, TV. Spa 1992, TV. Bup 1993, TV. Bup 1993, TV. Bup 1993, TV. Spa 1993, TV. Bup 1993, TV. B weight". Analyst Mr Alex Buck said: "Water shares are good value at the moment. Although they continue to be governed by political factors, we are rec-ommending them whichever party wins the election." He is particularly keen on Wessex Water, 9 ahead at 381p, and Thames Water, up 13 at 359p. An emergency statement was put out yesterday by Racal Electronics after press reports suggested that the company was facing problems reaching the profits forecasts it made during its recent successful defence against Hillsdown Holdings. The shares tumbled in heavy trading of 20m, but rellied after the company announced that its profits "will not be less than \$50m". They

PARTIAL FACCAGUINE, PARTICLE (S) Body Brop, Books, Lloyds Greens, Do. 1, De Pril, Name, Electronic Martines, Carlo Pril, Name, Electronic Martines, Colores, Loyds Greens, Do. 1, De Pril, Name, Electronic Martines, Colores, Limited Martines, Colores, Limited Martines, Colores, Carlo Martines, Car



account, according to a spokes-man. He dismissed speculation that the insurer had resorted to a reinsurance programme to avoid breaching capital ratio Textiles were ignored by a strong market as UK investment bank S.G. Warburg stepped back from its bullish stance, Mr Lawrence Rubin, Warburg's textile analyst, turned short-term bear on the whole sector, arguing that: "There will be a lull in the sector's outperformance until Lonrho was unable to rebound significantly from the 30 per cent fall in its shares sustained last Priday after reporting a lowered dividend and sharply reduced profits. The shares also went ex a 5p final dividend yesterday and

Johnson Matthey had lost ground in the wake of Lonrho's results but bounced back yes terday as investors refocused on the prospects for its contri-bution to the catalytic converter market. The shares rose

20 to 355p.
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APPOINTMENTS

Unilever's heir apparent

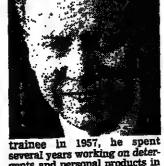
Michael Perry is to succeed Sir Michael Angus as chairman of the British half of Unflever in May, one of a number of top management appointments at the Anglo-Dutch food and consumer products group.
Perry has been Sir Michael's heir apparent since last May when he was named a vice chairman of Unilever PLC and

a member of the three-man Special Committee, the group's most powerful executive authority.

Like Sir Michael, Perry, who
turns 58 next month, has spent
his entire working life with

Unikever. However, his career as a manager has spanned a wider range of geographical and business assignments.

After joining Lever Brothers, the group's UK detergents business, as a management



several years working on deter-gents and personal products in the Netherlands before becoming marketing director of Lever Brothers in Thailand in 1968. Following a period in London, he returned to Thailand in 1973 as chairman of Levers. He then went to Argentina and Japan before returning again

marketing division. Sir Michael Angus' place on the Special Committee will be filled by Morris Tabakshlat, chairman of Unilever's Food Executive, who also becomes a vice chairman of Unilever N.V. This puts him in line to suc-ceed Floris Maljers as chair-

ceed Floris Maijers as chair-man of Unilever N.V.

Unilever also named Roy
Brown, managing director of
Lever Brothers UK, and Clive
Butler, a senior manager of the
Food Executive, as main board
directors. Mr Patrick Egan, a
director for 14 years, will step
down in May.

Royal's US gap

The hunt is on for a new boss for the ROYAL BANK OF SCOTLAND'S US banking busito the UK. In 1987, he was put in charge of Unilever's personal products business and marketing division.

ness following the announcement that George Graboys is retiring as president and chief executive of the Royal Bank's Rhode Island-based subsidiary
- Citizens Financial Group.

Graboys, who has headed Citizens for the last decade, is the latest in a series of top level retirements at the Royal Bank of Scotland Group. It is just over a year since George Younger took over from Sir Michael Herries, as chairman, and earlier this month George Mathewson replaced Charles Winter as group chief executive.

Picking the right replacement for Graboys, who has overseen a five-fold growth in Citizens' assets to \$4bn, is important because so many UK banks have run into difficulties in the US banking market.
Under Graboys, Citizens has
remained profitable throughout the deep US recession and
remains one of the best-capital-Although Herbert Cum-

dent of Citizens Financial and Kenneth Hogberg, the chief financial officer, are potential candidates for the top job, it is likely that the successor will

mings, an executive vice presi-

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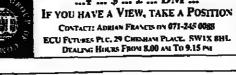
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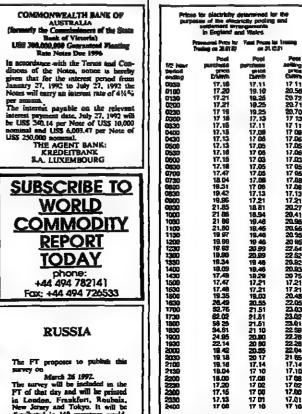
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NGC Settorsente Limite

Back to academe in Glasgow

professor.

McCrons, a Cambridgeeducated economist, was unusual in entering the Scottish Office in 1970 from academic life, first as special advisor to the then Labour Scottish Secretary.

Since 1972 he has been chief Secretary and secretary.

Since 1972 he has been chief Secretary and secretary and secretary.

Scotland's top civil servents, is joining GLASGOW UNIVERSITY's social and economic research department where is already a visiting 1980-1987.

McCrone 50 pagesces and scotland's top civil servents, helding, concurrently, a number of senior administrative posts - including head of the industry department from 1980-1987.

McCrone, 59, possesses an exceptionally lucid delivery and is one of the most open figures at the Scottish Office. In 1986 he assisted Malcolm Rifkind as Scottish Secretary

promises to Scotland. In 1987 he was made head of

the environment department, removing him from day-to-day events in industry and thus diminishing his role as chief economic adviser.

Harold Mills, 53, currently the Scottish Office's principal

financial officer, replaces McCrone as secretary of the environment department but come from outside the hank. no appointment has been made Graboys is to retire in no appointment has been made to the post of chief economic adviser.

Graboys is to retire in December when he will have reached the age of 60.

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FINANCIAL TIMES TUESDAY JANUARY 28 1910 30 Cust L. 1991/92 by 199 | Marie | Ma Inc spin 1.54 1.54 1.54 1.54 1.55 1.57 1 Mail Control of the C 1991/42 | Mid |
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CURRENCIES, MONEY AND CAPITAL MARKETS

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FINANCIAL FUTURES AND OPTIONS

FOREIGN EXCHANGES

Dollar gains as G7 disappoints

THE DOLLAR strengthened on currency markets yesterday following the weekend meeting of finance ministers and central bankers of the Group of Seven industrial countries, writes Simon London.

The communique released after the G7 meeting said that the participants had reviewed recent developments in the foreign exchange markets and reaffirmed their desire for stable rates. However, this was not related to specific rates or

broader policy goals.

The US unit rallied as soon as the statement was released,

as the statement was released, gaining ground in Tokyo and maintaining the firm tone through European trading.

From a New York finish of Y123.55 and DM1.5920 on Friday, the dollar rose to stand at Y124.57 and DM1.6040 by the Tokyo close All through Asian Tokyo close. All through Asian trading, dealers pushed the dollar higher, although fears of central bank intervention held the dollar below Y125 and

Many analysts had been watching for more specific for-eign exchange goals, such as a stronger yen to contain the Japanese trade surplus.

The tone of the statement

was underlined by comments from Mr Yasushi Meino, Bank of Japan governor. He said that the G7 meeting had not dis-

E:U	u m	EW Y	
Jan.27	O	ose	Previous Close
l mosti 3 montis 12 montis	0.97 1.78 9.25	-0.95pm -2.75pm -9.15pm	1.7965-1.7971 1.00-0.99ps 2.78-2.75ps 9.37-9.27ps
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CURRENCY RATES

Carrenty Upit

Jan 27

in afternoon trading in Lon-don, the dollar pushed through resistance levels seen in Tokyo to peak at DM1.6180 and Y125.40. The US currency closed in London at DM1.6165, from DM1.5875 on Friday; and Y125.40 from Y123.30. The dollar was also strong against sterling, ending at \$1.7765, from \$1.8055 on Friday. In New York the US unit ended at

DM1.6105, Y125.25 and \$1.7820. MM. 6105, Y125.25 and \$1.7820.

Many economists are expecting the US unit to push ahead this week, testing resistance at DM1.6350, its peak during the last rally earlier this month, and Y127, the level at which the US and Japanese authorities interpreted by Level 21.

ties intervened on January 17. Elsewhere, the D-Mark weak-ened as dealers focused on potential industrial disputes in Germany. The German cur-rency fell to Y77.60, having traded over Y78.00.

The weakness of the D-M against the Spanish pes

which appreciated to Pta63.00 from the Pta63.20 level seen last week, raised sterling's floor within the European exchange rate mechanism

The pound's floor, determined by its maximum permitted divergence from the stron-gest currency in the system, was yesterday around

However, sterling was buoyant following the publication of opinion polls at the weekend giving the UK Conservative government a narrow lead.

Current account figures for December also supported the UK currency. The data showed the current account deficit narrowed to £338m in December, from £630m in November. The deficit for the whole of last year was £5.78bn, against an official forecast of £6.5bn.

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CUR	RENCY U	HIT RA	TES
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EMS EUROPEAN CURRENCY UNIT RATES								
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contral rates set by the European Countission. Currencies are in descending relative strength. Percentage changes for Eco: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the centrage difference between the actual market and Eco contral rates for a currency, and the maximum permitted contage deviation of the currency's market rate from its Eco central rate.								

POUND SPOT - FORWARD AGAINST THE POUND									
les 27	Day's spread	Close	One month	1 0 de	Tirree mostin	* 1			
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OLL	AR SPOT	FORWAR	D AGAIN	ST 1	THE DOL	AR			

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR								
Jan 27	Bay's spread	Close	Gue seanth	<u>#</u>	Three stanting	% p.a.		
UK† Irolandi* Carnada Netherlanda Belglast Netherlanda Belglast Germany Portogal Spain Laky Franci Spain Japan Swedon Japan Belkarrand Eco	32.95 - 33.30 5.2075 - 6.2400 1.5975 - 1.6180 138.30 - 138.55 100.90 - 101.90 1200.00 - 1213.25 6.2750 - 0.3375 5.4775 - 5.5125 13.8300 - 3.8750 11.2700 - 11.3275 1.24.50 - 12.750 1.2750 - 1.2750	1.2630 - 1.2540	70-74cils 7.60-7 90lineth 3.20-3 50oreth 2.64-2.69cils 3.90-4.15oreth 0.12-0.13pils 4.50-6.50pmils 0.39-0.41cils 0.36-0 64cpm	のなっていることですっている。 のなっていることでは、 できることでは、 できることでは、 できることできることできる。 できることできることできる。 できることできることできる。 できることできることできる。 できることできることできる。 できることできることできる。 できることできることできる。 できることできる。 できることできる。 できることできる。 できることできる。 できることできる。 できることできる。 できる。 できる。 できる。 できる。 できる。 できる。 できる。	2,78-2,75pm 1,76-2,86th 2,76-2,86th 22,07-4,00fth 8,60-2,004 2,13-2,156th 25-300th 9,3-10,00fth 1,98-10,00fth 1,98-10,00fth 1,98-10,00fth 1,98-10,12,00fth 1,98-10,12,00fth 1,98-10,12,00fth 1,98-10,12,00fth 1,98-10,12,00fth	20060000000000000000000000000000000000		
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	EURO-C	URRENCY	INTERES	T R	ATES			

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EXCHANGE CROSS RATES													
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\$	0.563	1	1.617	125.4	5.507	1.437	1.819	1213	1.173	33.25	0.791		
	0.348	0.618	1	77.54	3,405	0.889	1.125	750.0	0.726	20.56	0.489		
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F.Fr.	1.022	1.816	2.937	227.7	10.	2,609	3.303	2202	2.131	60.38	1.436		
S Fr.	0.392	0.696	1.125	87.26	3.832	1	1.266	844.0	0.817	23.14	0.550		
			0.889						0.645				
Line	0.464	0.825	1.333	103.4	4.540	1,185	1.500	1000.	0.968	27.41	0.652		
CS	0.480	0.852	1.378	106.9	4.693	1,225	1.550	1034	1	28.33	0.674		
B Fr.	1.693	3.008	4.864	377.1	16.56	4.322	5,470	3648		100.	2.378		
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MONEY MARKETS

Floating rate, Iran Official rate \$116.1 \$67 0

UK rates steady

UK money market rates were steady yesterday, with ster-ling's stability on the foreign exchange markets continuing to dampen speculation about the need for higher interest rates, writes Simon London.
The Bank of England fore-cast a liquidity shortage of £1bn early in the session, revised up to £1.1bn. The main

factor was maturing repur-chase agreements, draining £674m from the market. Exchequer transactions, the main component of which is taxation payments, added a net £265m funds to the market.

UK clearing bank barra lending rate 10.5 per cent from September 4, 1991

In spite of the substantial shortage, there was no clamour for funds and the Bank of England refrained from early assistance. Later in the morning, £265m was injected, through the outright purchase of band 1 bills at 10% per cent and £177m paper purchased for resale to the market on February 12 and 13 at 10% per

Afternoon assistance totalled £207m, again through the purchase of band 1 and band 2 bills, all at 10% per cent, continuing the recent trend for relieving liquidity shortages with the very

shortest maturity paper A late liquidity injection of £400m brought the total assistance for the day to £872m, around £228m less than the forecast drain of The unsecured overnight money rate rose from a shade

over 11 per cent to 13 per cent by early afternoon. However, the late injection of funds removed any pressure for higher short rates and overnight money was trading at 11%-11 per cent by the close Three months inter-bank funds traded at 1011 in per cent; one month inter-bank money

was at 1013 of per cent, from 10% % per cent on Friday.

The March short sterling contract on the London International Financial Futures Exchange was slightly stronger, closing at 89.74, from

89.69 on Friday. In Frankfurt, call money rates were marginally higher at 9.50/60 per cent from 9.45/55 per cent at the end of last week and the 9.40/50 per cent level which prevailed for several

Pension payments are expected to drain funds from the market this week and the call money rate is expected to stay at between 9.55 and 9.65

per cent. However, so far market conditions appear to be comfortable, following the Bundesbank's decision to raise rates on December 19.

The Rating rates are the arthmetic means rounded to the nearest one-chairceach, of the bid and offered rates for Silba quoted to the market by five reference bases at 11.00 a.m. each working day. The bases are Nethonal Westminster Baset, Baset of Tokyo, Destroite Baset, Baset of Parks and Barene Rectional de Parks and Barene Rectional destroited.

MONEY RATES

NEW YORK			Treasury	Bills and	Bonds		
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Frankfurt Paris Zurich Ameterdam Tokyo Milan Bressels Doblin	9.45-9.56 10-10-1 63-71- 9.43-9.56 51-52 111-12-1 91-95	9.40-9.50 93-10 74-75 9.40-9.50 52-54 124-124 93-93 102-103	9.40-9.50 97 ₄ -10 - 101 ₂ -105 ₄	9.40-9.50 9998 74-75 137-4-2 5-51 119-121 93-91 104-105	101-101 93-93 93-93	1.00 9.60 - - -	

LONDON MONEY RATES										
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138 145 147 147 147 147 147 148 148 6-08 0-15 0-29 0-51 1-30 1-30 2-49 3-42 lyppe short stemleng optimis Conjum grade al 1877, Strite Price 9650 9700 9750 9800 9850 9900 9950 10000 1.50 1.50 1.06 0.66 0.37 0.18 0.08 0.04 0 02 9 04 0 10 0 20 0 41 0 72 1 12 1 58 CHICAGO JAPANESE YEK (DAI Y12.5m \$ per Y100 6% RETERNAL LONG TERM JAPANESE GRYT. BORR V190m 1880m v 1887 Clos: High Low Mar 103 12 103 14 103 30 5.65 3.94 2.13 0.10 0.10 90.54 90.53 90.44 90.54 90.54 90.54 **PARIS** 7 to 18 YEAR 10% MUTEUMAL PRENCH ROBE larch 109.00 108.66 -0.12 stimuted volume 3,056 Total Open Interes 7,325 7,325 77 28 28 833 8.77 BASE LENDING RATES Credit Lyonada Cryrus Popular Bit Denter Bank PLC Doucan Lanete Expectorial Bank plc Expector Bank Listined Fisancial & Ges. Bank plc First Mational Bank Plc. Robert Fraser & Plurs. Gorbank Listined Actionary Mah

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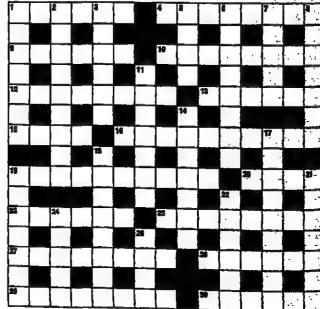
FINANCIAL TIMES

MONEY MARKET FUNDS

Money Market Trust Funds **Money Market Bank Accounts** Allied Trust Bank Ltd Shipley & Ca Ltd

JOTTER PAD

CROSSWORD No.7,758 Set by DANTE



ACROSS
1 Sort of picture that's a topic

for debate? (6)

Bdward, being in poor health, is unsuitable (8)

Address for delivery? (6)

Display skill in flying machines (8)

Bread counters? (8)

Dave in an about-face in US state (6)

state (6)
15 The temptation of misrule

(4)
16 Bad times for the valley (10)
19 Esteem I have for the individual (10)
20 Friends back strike (4)
20 Dat journal distributed

23 Pet journal distributed about the first of May (6)
25 Ian, to her, may appear as a character lacking charisma

<u>(4-4)</u> 27 Busy outside at start (8)
28 Riches gained by hreaking
the law (6)

29 Compelled to use violence in the end (8) 30 Possibly push to a conclusion (6)

DOWN I Palse claim about American show (7)
2 Values a rest and ruse being

disturbed (9) 3 Blooming choir made a mess of a number (8) 6 Hard tack (4)
6 In line for a pay-rise (5)
7 A capital investment (5)
8 Possibly trade-in and leave a tracked vehicle (7)
11 Brutality involving cuttars?

(7) 14 Stop before exhaustion (7) 17 One is well rid of it (36) 18 Roger says this works (6)

19 One way to recover sense silver? (7)
21 He foresees a hold-on over the reform (7)
22 Washing-day queue (4.3)
24 Therma's propose souler say in-24 Theme's proper order put in

A spot of trouble over a pupil? (4) Solution to Puzzle No.7,757



1/5				W	ORLD STO	CK MARKETS
The state of the s	AUTTERA Immerg 27 Such + w - Immerg 28 Such + w - Immerg Airlines 2,590 +19 Immerg Airlines 3,255 +45 Immerg 3,255 +45 Immerge 3,255 +45 Immerge 4,256 +15 Immerge 4,256 +15 Immerge 4,256 +17 Immerge 4,256	Color 1065	January 27 Den. + or - January 27 Den. + or - Continental AG 222,50 +2.50 DLW 470 -8 Dalmier-Benz 744,50 +5 Decker 120 +0.50 Deutsche Babonck 174 +7.50 Deutsche Babonck 174 +7.50 Deutsche Babonck 174 +7.50 Deutsche Babonck 174 -7.50 Deutsche Bish 355,50 +3 Fag Kupetilischer 224 +4 Gerrescheiner 440 Goldschmidt 1710 755 Hamburg 150 -10 Handerg 150 -10 Hentel 174 778 +10 Hentel	NETHERLANDS January 27 Fts. + et - January 27 Fts. + et - AB N Agen Ridding	SWEDEM (continued) Jamery 27 Kroser. + er — Integritive B Free. 165 +3 Model Dan B Free. 1250 -5 Model Free. 195 -14 Sundiller B Free. 196 -15 Skan Enckilda C. 50 +0.50 SKF B Free. 108 +2 Stora Kopp B. 287 SCA B Free. 113 -1 Svia. Handi 5 Free. 117 -1 Volvo B Free. 398 +5	Solve Stock High Low Close Chag TORONTO
1000	1,12 1,12	Endown 1	Hitchelb Zem 930 -10 Herskel Prf 78 +10 Herskel 1.159 +9 Hochtlef 1.159 +9 Hochtlef 1.159 +9 Hochtlef 1.252 10 +2.70 Hoesch 252 10 +2.70 Hoesch 257 50 +1 Hollow 1.150 +2 Hollow 1.150 +2 Hollow 1.150 +1 Hollow 1.150	Hunter Dooglas 74, 40 +1.10	Jamesry 27 Frs. + or - Adia Inti (Br) - 420 +7 Adia Inti (Br) - 420 +7 Adia Pig Cts. 77 +2-50 Alusaisse Lonza 934 -1 Alusaisse Lonza 934 -1 Alusaisse Pig Cts. 80 -3-50 Beloisè Pig - 1 900 +20 Brown Bower (Br) - 3,710 +40 Brown Bower (Br) - 3,710 +40 Brown Bower (Br) - 3,240 +70 Cis Higgs (Br) - 3,240 +70 Cis Leigig (Rey) - 3,240 +70 Cita Leigig (Rey) - 3,240 +70 Light (Rey) - 3,240 +70 Light (Rey) - 3,240 +70 Hiltron (Rey) - 3,250 +10 Matter (Rey) - 3,250 +15 Mestie - 9,100 +50 Mestie - 9,100 +50	60300 Bit Month** \$46 45-1, 45-1, 270500 6it felves Sc \$22 21 \text{ 12 7 - 1, 6100 BC Month**} \$225 21 \text{ 12 7 - 1, 6100 BC Month**} \$310 21 \text{ 12 7 - 1, 6100 BCE Month**} \$310 31 49
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	FLS and B	Saint Louis 1, 315 + 5 Saint Joules 1, 315 + 5 Socientider 659 + 7 Seb SA 1, 1863 - 17 Socientide 67 - 507 + 4 Sommer-Allibert 1, 453 + 43 Socientide 67 - 507 Socient	TALY Jaesnry 27 Lire + av - Banca Comm 4,188 -27 Banca Raz Agric 5,705 -11 Banca Raz Agric 5,705 -11 Baston Lariesto 5,705 -11 Baston Lariesto 5,705 -14 Baston Lariesto 11,650 -70 Borgo Cartigre) 9,220 Cir 1,905 +4 Caffara Spa 747 +19 Carter 5,201 +36 Cisanotei 2,056 -1 Colde Fin 2,120 -75 Credito Italiane 2,250 -20 Dealell & G 7,010 Enidania 7,000 +10 Eridania 7,000 +15 Franzal Fin 1,740 -12 Fint Priv 3,531 -44 Fint Friv 3,531 -45 Fint 5,700 -57 Foodlaria 38,350 -150	SPAIN January 27	2017th Ins Ptg	NEW YORK DOW JONES Jan Jan Jan 27 24 25
1977年日本海南南南西西西西西山	Kone 8 Pres	SERMANY January 27 Dec. + pr — AFC 217.50 +1 AG Ind & Verk 675 +1 Aachee Mck (Rep. 815 +5 Allianz AG 2284 +11 Altana Ind 619.50 +0.50 Asko Pr 6.95 +3 -3 Asko Pr 6.95 +3 -7 BASIF 247.50 +3.70 BASIF 247.50 +3.70 BASIF 257 +1.50 BAWW (BF) 257 +7.50 BAWW (BF)	Credito Italians 2.256 -20 Sabeli & G. 7.010 ENChem 1.300 +10 ENChem 1.300 -12 Gemina 1.350 -150 Gemina 1.350 -10 Gemerali Assicur 31,219 +10 Gitardini 1.340 +62 EI'Priv 13,700 -75 Italicasir 6.000 -75 Italicasir 3,440 +5 Lloyd Adriatico 14,280 +60 Magneti Maretti 730 -19 Mediobanca 15,450 -140 Montedison 1.351 +13 Olivetti 2.750 +2 Piretti & Co 4,380er -10 Piretti & Co 4,380er -10 Piretti & Co 4,380er -10 Firetti & Co 4,380er -10 SASIB 6,905 +25 SASIB 6,905 +25 SASIB 6,905 +25 SASIB 6,905 +25 SASIB 1.250 -45 SASIB 1.250 -	Desiro 1	De Berra/Centeriary 94	Jan 24
STARARAGARAGAAAA BES	APPAN	January 27 Yen + ar - Japan Radio	January 27 Yea + gr - Nilgota Eng 654 -7 Nilgota Sec 751 -2 Nilgota Grap 825 +40 Nilgota Grap 825 +40 Nilgota Desik Bank 6, 430 -70 Nilgon Desik Bank 6, 430 -70 Nilgon Desik 1290 420 Nilgon Desik 1290 420	January 27 Yea + er - Talyo Fishery 379 +1 Takasoka Elektric 389 +9 Takasoka Elektric 389 +9 Takasoka Elektric 389 +9 Takasoka 389 -15 Takasoka 389 -15 Takasoka 389 -15 Takasoka 389 -15 Takasoka 389 -10 Takasoka 389 -11 Takasoka 389 -11 Takasoka 389 -11 Takasoka 389 -17 Takasoka 389 -17 Takasoka 389 -18 T	January 24	CANADA TORONTO Jan
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SE SEFERENCE SERVICE	Alpan, House 1,570 - 20. Alpan, House 1,940 - 40 Alpan, House 1,940 - 40 Alpan, House 1,940 - 40 Alpan, House 1,950 - 46 Alpan, Alpan, 1,950 - 46 Alpan, Alpan, 1,950 - 46 Alpan, Alpan, 1,950 - 46 Alpan, 1,950	Marcheol	1,200 -2	Amazin Seamtes 688 -15	Narhour Cestre 8.30 -0.10	EM
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建筑阿阿斯	Special Section 1	HK Spring 461 -24 S KK Corp 320 -1 S KK Corp 600 S	umitemo Corp 978 +3 emitemo Elest 1,040 umitemo Heavy 588 -5	mail 3.75 nery Res	Slopapore Press . 9.10 Surgits Trading 2.77 +40.03 Tat Lee Banir 3.26 +40.04 UOB 5.55 +40.05 Price data supplied by Telebrura. NOTES - Prices on this page are as gented on the individual exchanges	

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TO	DRONTO		21700 Corel Sys 2500 CoscanDev	S22 & 21 & 2	214 -4	1600 Lawson Mar 108400 Loblaw		9% +1 16% -1	499500 Sc 100 Sc	eptre Rs 125 d paPaper : \$18 } 1	105 115 -6 63 183
	rices January	27	30200 Слемих А	88 7 87 88	81 ₆ -1 ₆ 95 +1				13800 Sc 27900 Se	olts Hoe \$18%, 1 agram Co u\$141 ½, 14	85, 185 05, 1415, +3
Quotations in certs 1900 Abitibl Pr	\$154 15	15 16	500 Denison A 11100 Derian 29200 Defasco	21 d21 u\$7 64 5164 184	21 6½ 18½ –½	45000 Macm El 79200 Magna Inia	\$20 \ 16 \ 2 \$20 \ 16 \ 2 \$22 21 \ 2	74 -2 20 +1 22 +1	14400 Sa 15000 Sa	encan A 341 4	7% 8
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19800 Albrita En 18000 Albritges 184700 Alcen Al	573-5 073-6 13	4	4800 Du Pont A 4800 DundeeBacA	\$71, 471, \$411, 411, 280 270	270 -5	2000 Mark Rea 2200 MDS HRI B 1800 Mercell Min	\$194 194	54 +1	19000 Sa 4406 Sc 13100 Sp 27600 Sa	ustham usibly that Aero \$18% 1.	20 20 19 19 19 19 -19 18 18 18 -19 18 18 18 -19
258600 Am Sarr 700 Alco Cl 1	532 1 31 31 511 4 611 4 11	3 -4	42900 Sate Bay M 1900 Emco Lid	\$94 9 \$54 54 \$123 123	91 ₂ -1 ₅ 51 ₄ 121 ₄	400 Minnova 249000 Mitel Corp	\$11 \ 11 \ 116 \ 1	1114 1614 92	3	elco A 3812	5 4 65 95 ₂ 185 ₈ +1 ₈
			1900 Empire 15400 Euro Nev	\$54 54 \$123 123 \$18 174	12 44 18 44	244000 Moore Corp 10000 Muscocho	223 \$ 23 \$	23 1 1	11/800 Te	legione \$11% 1	112 114
AMAN BUSTON		,	3900 FPL Ltd 38300 FphnstkVnr (58 k 5%	61 ₈ +1 ₈		\$12½ 12³g	124 -3	157000 To 800 To 6000 To	Oom Sk \$18 1 rester B \$241, 2 talPNAm \$12 % 1	6 % 17 % +% 7 % 18 +% 7 % 18 +% 2 % 2 % -% 3 % 13 % -% 3 % 17 % -% 8 % 8 % -% 8 % 9 % -% 8 % 9 % -%
90300 Bl. Montr'? 270500 Bl. Nova Sc 8100 BC Sept A :	\$46 45 46 \$22 21 21 \$13 612 12	3 -	46400 Finning 1 6200 Fst Mars A	514 1 14 1 512 4 12	141 ₂ +4	18500 Nome Ind A 43900 NorandaFor	4564 6	914	89900 Tr	eneARe \$134 dt	31, 134, -4, 74, 174, -4,
307200 BCE Inc 195000 Belimoral 14100 BGR A 2	15 13	15 +1	4300 Fortis 900 Four Seaso 3000 FrancoNev	\$24 234 3 \$17½ 17½ \$26 25	23 k 17 kg - kg 25 -1	55600 Noranda 1000 Noranë 12 96300 Noranë/Vig a	518 % 19% about 254	19 % +1 25 k 23 k	5900 Tri		
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78900 BP Canada 58200 Bramaios 126400 Brasan A /	\$512 614 5 \$1854 1935 19	12 -14 12 14 14 14 14 14 14 14 14 14 14 14 14 14	49700 Glamia Gld 12500 Grannes	416 400 123 118	22 % 405 -5 120	6000 Number Cell	\$7% 7% \$9% 95 u\$6 5%	91 +1	•		115 1126 448
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800 Brunswick	\$19 te 19 \$8 te 5 te 8	4 7			612	7600 Ories Corp 54760 Ophawa A 19800 PWA Corp	\$12% 12½ \$6% 6% \$20% d19% \$5% 5%	12% -1 6% +1 19% -1 5% -1 5% -1 15% -1		CB \$131 ₆ 1 ng rights or restric	24 13
			25700 Hees Inti	S164 15%	16	3200 Penceto Per	u\$25 24 %	53 ₁ -1	·		
43500 CAE Ind	g7 6% 5	3 -4	59800 Hottinger 30400 Home Oil	5121g 12 5154 15	15 4	16900 Pegasus 27000 Pioneer In 232500 PlacerDone	17 17	15½ -1 17 + 12½ +3 485 -1		MONTREA pm prices Ja	
6800 Cambler 25700 Cambridge 2500 Carseco	u\$15% 154 15	£ #	13100 Horsham 1000 HudsbryM&S 9000 HudsbreBey	\$11-% 11-% \$64 54	1)14 −4 64 31 −4	SARD Porce Pet	405 485	14 %		i prices de	muury er
200 C'bell Rea 92000 Campes Cp	46 46	20 _ \	14200 kmaseo	E37 364 :	36% -\s	2300 Power Fin 43200 Provigo 5100 Quebscer A	\$18 144 \$194 187 \$812 84 \$134 4134	1916 +1 814 -1	363500 80		61 ₄ 163 ₉ +1 ₄
290300 CanimpBk 26800 Can Outid 146300 Can Pac	\$33\\ 32\\ 32\\ \$30\\ 23\\ 23\\ 23\\ 23\\ 23\\ 23\\ 23\\	777777	THERE IN COTORS	25 G S	301 ₂ -1 ₄ 301 ₂ -1 ₄ 361 ₂ +1 ₂	ST8000 Ranger Ou			8100 Ca 76800 Ca 5400 Ca	emblor 59 ¹ a nlmp BA 533 ¹ s 3 milarconi uS18 ¹ s	0 84 +4 27 327 -4
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3500 Cardor 174400 CnPt/Fores 5100 Cara Op	1 525 4 26 25	2 -4			174 155 -4	42900 Rio Algoni 197906 RegersCons		1315 +1 55 +1 175 -1 135 -1	178600 Ne	dBi Can Sich	12 124 -4
8300 Cascades 300 Celanese	55% 5% 5 550% 40% 40	¥ -12	2400 Lateron	\$37 \\ \$30 \\ 85 \\ 815 \\ \ 15 \\ \ 1	37 to 8 + 4 15 to + 4	121900 Ryl Oak Na	5274 254 212 180	208 +		absour 4 \$1372 dT	31 1312 +4
3200 Critri Cap 12000 Cinepa Ode 1000 Critri Fd A	900 295 30 µ470 470 4	100 H	1400 Laidlev A t 141100 Laidlev B x	\$124 124 5124 12	124 124 +4	106800 RylTrusco s	827 85	6 te -1	2300 Te	iegioba S11% 1	
473400 Cominso 3000 Coputalog	\$22 \ 22 \ 22 70 70	ابداء	1200 Laureni Ri. 200 Laurent Gp	\$2715 21 u\$67, 67,	21 ~12 6%	3900 StawCm A	812½ 12¾	1212	Total Sale	Sectron u315 ¹ 2 1 11,265,700 share	34 134 -4
					1810	OEC .					
NEW YES					IND	CES	Jan-	la.	ies -		000
NEW YORK DOW JONES	Jan Jan	Jan Jan			empilation		Jen 27	Jan 24	Jen Jan 23 22	HIGH	1 LOW
Almhatrials	27 24 3240.61 3232.78 3	25 22 226.74 3255		1 3264.98	LOW 41.22	AUSTRALIA An Ordinaries (1/1/20) An Stindy (1/1/80)			1635 1531 6923 691	5 1675 6 (15/U 1 703 5 (20/1)	1612 B G4/II 160 3 G2/II
Home Boats		99.44 99.30	(17/1) (2/1) 99.61 98.90	0.7/1/92) 99.61	(2/7/32) 54.99	AUSTRIA 4 Crefit Miles (30/12/54)			407 10 404 2		372.24 Q/Li
Traesport.	1356.32 1362.29 1	354.72 1407.	116/13 (2/1)	2 1532.01	(1/10/21) 1232 (8/7/32)	BELEVINA BELEV CI/1/911	1183.30		1183 63 1176 8		1017.23 (8/1)
Utilities	213.45 214.67 2	1351 215.2	0 225 59 211 8 G(1) (17/1	236.23	10.50 (8/4/32)	DENMARK Expensagen SE (3/1/83)	361.50		360 71 359.3		254.37 E(I)
STANDARD	AND POOR'		of's High 3267.44 (326	31) Log 3216.	23 (3203 71)	FORLAND HEX Separal (25.72/90)	539	859.6	254 S S48	a 894.5 (16/1)	779 0 (2/1)
Conquesta i	414.99 415.48 4		3 420 77 412.6 (15/1) (21/1	420.77 0.50,792	4 40 11/6/320	FRANCE CAC Georgi (31/12/82) CAC 40 (31/12/87)	503 9 1940 27		498 74 MILS 1838 69 1841 3	504.35 (21/h) 2 1873.63 (15/h)	475.53 (2/1) 1749.91 (2/1)
industriais	492.51 492.86 4	92.01 496.1	6 499.27 490.0 03/1) (21/1)	499,27	3.62 121/6/32)	CAC 40 (31/12/87) GERMANY FAZ AKING (31/12/38)	1969 27 884 20		1838.69 1841.3 680.83 685.1		643.26 (8/1)
Fispecial	34.49 34.53	M.45 M.47		35.24	8.64 (1/10/74)	FAZ AKNIN (31/12/58) Commerciasia (1/12/53) (SAX (30/12/87)	1936 4 1936 4 1643 56	1916.3	1925.1 1937 1869 57 1680 1	8 1943 5 (21/1)	1813 8 (8/1) 1813 8 (8/1)
NYSE Coreposits	228,94 229.72 2		0.5/1) 0.2/1	05/1/92	4,46 (25/4/42)	HOME KONE Hase Seep Back (31/7/6			4625,84 4650 7		G91.78 (2/1)
Amer Mkt. Value NASDAQ Composite	412.48 413.42 4 621.00 624.68 6	_	(20)(1) (2/1)	120/1/920	29 31 (9/12/72) 54.87	RELAND ISEQ Ownii (4)1/80	1448.47	164L73	1447 95 1457 7	ע <i>ו</i> רם 1447.57 עו <i>ו</i> רם	1391 49 (8/1)
mount contracts			(12/1) (SI)	0.5/1/925	(31/10/72)	Sanza Com Hal (1972)	547 66	549.10	548.27 537 9	7 551 0) (LAD)	507 43 (2/1)
Dow Industrial Off, Y	Jan :		17 Jan 10 83 2.87	year ago (Japan Histori (15/5/49) Todyo Se (Togle) (4/1/6/	21007 11 D 1574 47		21500.72 21534.1 1610.76 1603.8		20858-30 (21/1) 1569 45 (21/1)
	Jan		15 Jan 8	year ago (2rd Section (4/1/68) MALAYSIA	2289.59	2300.36	2908.79 2293.2		2289.59 CT(D)
S & P indestrial dh.; S & P indl. P/E ratio			52 2.54 .76 25.51	3.3 16.0		KLSE Compaste (446)			571.M 572 1		546.63 (14(1)
NEW YORK		CKS	TRADING AC	TIVITY		CBS ALL SHI End 1983 CBS ALL SHI End 1983	ES 260.5 202.6		288 0 289. 202. 2 262.		274 0 00/13 192.4 06/13
	Stocks Closing I	Change on day	f Volume Jar	Millions 27 Jan 24		MORWAY Osio SE Osio (2/1/83)	727.21	712.671	711.45 728 8	8 748 03 (17/2)	678.99 12(1)
Union Corp 9,1	160,100 7%	· 15	Now York SE 19	0.430 210.71 8.016 21.55	4 229,680	PHILIPPUES Meets Comp (2/1/65)	134.2	1278 68	1282.28 1281.3	ערולם 200 2003 ב	1172.78 (2/1)
Am T&T 2,	769,200 384 870,800 4	+ 14 - 4	MASOAQ	(a) 240.93		SINGAPORE SES All-Singapore IZ/M/7 SOUTH AFRICA	79 4 <u>16 1</u> 3	435A3	416.90 416.9	(16.99 (ZL/I)	40714 (5/1)
Citicorp 2.	428,300 154 351,100 284	: 4	NYSE Issus Trailed Rises	2,185 2,19 884 90		ISE Gold (28/9/78) ISE Industrial (28/9/78)	1273 04 4428 04		1205 G 1303 4406 G 4510		1119 0 C(U
RJR Mableto 2, Ses Motors 2,	170,300 104 117,600 34	+ 14	rans Falls Vachengel	835 79 466 48	7 939 8 470	SOUTH KOREAT			667.47 646 2		604 63 05/10
		- 14 - 14	Her Highs Her Laws	109 9	1 107	SPAIN Name SE (10/12/25)	253,41		251.07 251.3		238.95 (2/1)
						SWEDEN Altirocities Sen. U./2/3	787.30	994.7	985.3 976.	1 989.2 (20)1)	913 70 (2/1)
						SWITZERLAND Swis Bask Ind. (31,12,6 SBC General (1,14,187)	60 779.4 631.7	771.8 626.4	770 4 770. 627 8 629.		746.5 (B/I) 601.1 (B/I)
CANADA FORONTO	Jan Ja	n Jan	Jan	1992	•	TAIWANT Weighted Price (30)646			5122.01 5131.4	· ·	4612.17 (6/1)
icuis & Minerals	27 24 3162 15 3134		22 H/GH 31A1.98 3238.87 ()		22 (2/1)	THAILAND Bandon SET (304/75)	771.93		780.26 772.7		עקט מו ננד
borposita	3628.50 3630	3624.53	3638.79 3666.00 0	6/1) 3493	66 (2/1)	WORLD M.S. Contal Intl 0,71/70			327 7 529	•	5201 (13(2)
ADMITREAL Portiolio	1907.35 1908 dices are 1.00 exces				55 Q/D -10; and						
oronto Composite a 3. † Excluding bon	and Metals — 1000, ds.‡ Industrial, plus	Toronto ind Utilities, F	Cammon – 50; Standa loss based 1975 and P Inancial and Transpor	fontreal Portf Lation, (c) Clos	olio 4/1/ ed. (y)	 Saturday Jacobry 25 Sobject to official residence of all Indion Base values of all Indion USE 26 industrials – 2 	Soulation (Com	CLION & ACO BEL20, H	estet Jan 15 403.7. EX General, ISEO 0	: Jan 16 405.17. *Calc egali and BAX = 1,00 900 (c) Closed Ad 15	siatesi as 15 00 GNT. 0, JSE Celei - 255,7, progliable
rnavanable, " Corre	CLIOR.					are as mental - 2	AND AND AND A		_/		

MPLOYEE OWNERSHIP

TOKYO - Most Active Stocks Monday 27 January 1992

he FT proposes to publish this survey on

March 12 1992.

The F.T. has the highest readership amongst senior suropean business people who have responsibility for proporate planning, legal and personnel matters, which are ne disciplines needed for creating and implementing imployee Ownership schemes. If you want to reach this apportant audience, call portant audience, call

Ian Ely-Corbett Tel: 071 873 4148 Fax: 071 873 3062.

Data source: European Business Readership Survey 1991

FT SURVEYS

4

4:00 pm prices January 27

| Second | Dec. 1s. | Files | Law Concest | Classes | Second | Dec. 1s. | Classes | Cl

NYSE COMPOSITE PRICES	NASDAQ NATIONAL MARKET 4:00 pm prices January 27
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AMERICA

Dow subdued ahead of State of Union address

Wall Street

SHARE prices were becalmed in light trading yesterday, as investors remained on the sidelines ahead of today's impor-tant State of the Union address to Congress by President George Bush, writes Patrick Harverson in New York.
At the close the Dow Jones

Industrial Average was up 7.83 at 3,240.61, having spent the day only a few points above Friday's close. The more broadly based Standard & Poor's 500 ended a slight 0.50 down at 414.98, while the Nasdaq composite of over-the-counter stocks lost 3.68 to

Turnover on the New York SE amounted to 191m shares, while rises and falls were almost evenly matched.

After last week's declines, the market opened in a sub-dued mood yesterday. All eyes were fixed on the US president's State of the Union speech, scheduled for 8pm New York time this evening.

Mr Bush is expected to unveil a package of tax cuts aimed at stimulating the slug-gish economy. Although tax cuts should be generally posi-tive for the stock markets, there is concern that any mea-sures would lead to a widening in the budget deficit, which could prompt a sharp rise in bond yields.

Diversified securities house Merrill Lynch shed \$2% to \$61% in spite of record fullyear earnings of \$696m, achieved with the help of a \$171m fourth-quarter profit.

The record figures had been expected in the wake of buoyant securities markets in the final quarter, and the decline in the price yesterday was put down to profit-taking following the stock's strong performance over the past 52 weeks.

L.A. Gear slipped \$% to \$15% after the company formally announced the retirement of Mr Robert Greenberg, its founder, from the posts of chairman and chief executive.

paign this week. Of its rivals, Nike eased \$½ to \$72½ and Reebok International also lost

Chrysler enjoyed a rare gain, advancing \$11/2 to \$15 on the back of a reported upgrading from Shearson Lehman, the broking house. The remaining members of the Big Three car manufacturers also firmed, with General Motors adding \$1% at \$34% and Ford rising

\$\% to \$30\%.

\$% to \$32%. On the over-the-counter market, Hutchinson Technology climbed \$1% to \$24% after reporting net income of 54 cents a share for the first fiscal quarter, well up on the 35 cents share earned at the same

stage a year ago. Going the other way on the earnings front was Arkansas Freightways, which tumbled \$3'4 to \$32'4 on news of a fourth-quarter profit of 20 cents a share, down from the 33 cents earned a year

Canada

TORONTO stocks, after a firm opening, fell back to close with an easier bias on balance after moderate trading.

The composite index was finally 2.2 off at 3,628.5, while declining issues led advances by 308 to 267. Volume reased to 23.3m shares from Friday's 28m.

The index was ahead almost 15 points in the first half-hour of trading, but quickly settled back and then traded in a narrow range for the rest of the

Du Pont Canada "A" dipped C\$% to C\$41%. The company reported fourth-quarter earnings of C\$14.3m, or 46 cents a share, up from C\$10.3m, or 33 cents, a year earlier.

SOUTH AFRICA

JOHANNESBURG closed narrowly mixed in dull trad-ing. The all-gold index closed ing. The argum mark cases: up 15 at 1,273, as world bul-lion prices held steady: South-van gained R1.50 to R72.50. The industrial index shed 8 to The sports-shoe maker will 4.423, while the all-share index unveil a new marketing cameased 3 to 3.623.

EURÓPE

Bourses move up as Volvo's strategy comes under fire

from domestic sources as bourses, by and large, improved yesterday, writes Our Markets Staff.

FRANKFURT broadened its

switch to cyclical stocks as opinion spread that a steel strike need not necessarily be bad for the industry, or for the

German economy.
Goldman Sachs yesterday decided to move German equities from underweight to market weight, advancing four rea-

 valuation, given the rally in German bonds and the underperformance of its equity market last year;

the probability that the

lundesbank will lower interest rates this year; its expectation of GNP growth, and inflation, of 25 per cent and about 3 per cent respectively in 1993; and

"distinct signs" of improvement in the east. Chemicals, steels and engineers did well as the FAZ index rose 6.67 to 684.20 at midsession, and the DAX closed 18.81 higher at 1,683.58, close to the top of its 1992 trading

2.60 to 987.30 in turnover of SKr611m after SKr632m. have risen from Friday's In carmakers, Volkswagen jumped DM11 to DM333.50 after an MM Warburg recommenda-

STOCKHOLM decided that

there was scant logic in the

proposed merger between

olvo and Procordia. The

Swedish Shareholders Asso-

ciation, which represents

80,000 private investors, said

the proposal was "probably a bad deal for shareholders in

both companies". Volvo free Bs initially rose

SKr27 to SKr420 but closed

only SKr5 up at SKr398, while Procordia free Bs fell

SKr14 to SKr198. The Affars-världen General index rose

tion. VW is up 16 per cent from this year's low.
PARIS opened the February count in optimistic mood but account in optimistic moon but turnover was disappointing at FFr1.85bn after Friday's FFr2.2bn. The CAC 40 index rose 19.35 to 1.869.27.

Share prices (rebased) 130 120. 110 B Free

most active stock as it rose FFr4.80 to FFr146.50 on a avourable interview with a senior company official by a

US news agency.
Eurotunnel was one of the day's biggest gainers as it picked up FFr2.85 or 6.6 per cent to FFr46 on the back of the "easy money" argument and buy recommendations from Perihas and French financial newspapers. The UK bro-ker Charterhouse has recomnded a switch out of P & O

Profit-taking wiped FFr16 off the oil refiner Total to FFr1,047 in spite of a pleasing 41 per cent rise in 1991 net attributable profit.

MILAN traded quietly ahead of Fiat's preliminary 1991 results which are due this afternoon. The Comit index fell 1.42 to 547.68 in turnover estimated at slightly below Friday's L102bn.

Analysts said the market had already discounted disappointing figures from Flat and was instead waiting for the company's view on 1992, which some expected to be on the cautious side. The stock eased L25 to L5,170.

In the insurance sector, Gen-erali added L10 to L31,210 while Ras rose L55 to L21,600 In a report on the non-life insurers issued late last week, Nomura advised selective profit-taking because in its view, the sector is due for a period of underperformance.

Among smaller stocks trad-ing in ABB Tecnomasio, the mechanical engineering group, was delayed because of an order imbalance following news that its parent company was buying in the outstanding 9.23 per cent at 1.3,100 a share. The share later jumped 1.528 or 21 per cent to 1.3,043.

OSLO recovered a little, the oslo recovered a muse, the all-share index gaining 9.38 at 453.00. Norsk Hydro rose NKr5.5 to NKr51. Higher prices for North Sea oil pushed Saga Petroleum free shares up NKr6.5 to NKr97.5. HELSINEI rose 1.86 per cent on strong demand for industrials, the

in turnover of FM30.1u. AMSTERDAM remained quiet, the CBS Tendency adding just 0.7 to 1214. Turnover was thin. There was increased demand for cyclicals, such as the chemical groups, DSM and Akzo: DSM gained

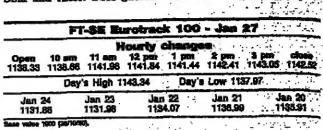
Hex index adding 14.3 at 873.9

Fi 1.60 to Fi 105.30 and Also Fi 1.20 to Fi 138.60. The amouncement of appoint-ments to Nedlloyd's supersi-sory board, expected today, was being awaited, analysis

MADRID's general index rose 2.25 to 253.41 with interest in both Endess and Repair to the stocks. Endess put on Billion of the stocks. in both Endesa and Repsoi stocks. Endesa put on Pialis to Pial 215 and Repsoi rose Pian to Pial 2975. Telefonica full Pial to Pral 180 on news that its dividend would remain unchanged.

unchanged.

ISTANBUL rose LB par sent on active buying following the favourable results from the Social Democrat Populist Party's weekend congress. The 75 share index gained 98.58 in



Nikkei retreats in thin trading as G7 fails to excite

SHARE PRICES retreated in thin trading yesterday, as vol-ume on the first section fell to 137m shares due to the lack of

fresh news, writes Emika Terazono in Tokyo. The Nikkei average lost 65.04 to 21,007.11 after a day's high of 21,078.87 and low of 20,859.61. The index fell below 21,000 just pefore the morning close on

Trading volume reached its lowest level since December 9. Declines led advances by 604 to 322 with 195 issues unchanged. A total of 100 stocks fell to their lowest levels since the beginning of last year. The Topix index of all first section shares shed 10.39 to 1,574.47, but in London the ISE/Nikkei 50 index edged up 0.89 to

> Market participants, hoping that the outcome of the Group of Seven finance ministers' meeting would fuel trading, were disappointed. "Investors

will neither buy nor sell at cur-rent levels," said one trader. However, some analysts see the current low volumes as a positive signal for the market. Mr Craig Chudler at UBS Phillips & Drew said: "The inactivity reflects a stall in fund flows, indicating that money has stopped leaving the market." In the week ending January 17 individuals and corporate investors, who have been net sellers of equity dur-ing the past year, became net

buyers. Foreign investors, who were aggressive buyers last year, are also expected to commit fur-ther funds into Japanese stocks. "Foreigners' asset weightings in Japanese stocks are still light," said Mr Paul Muller at Schroder Securities. Nippon Telegraph and Tele-phone declined Y13,000 to an ll-time low of Y682,000. Some investors have been discouraged by reports of cuts in long distance telephone rates. Mar-

shares, as the Ministry of Finance has included proceeds from the sale of 500,000 shares for the year ending March 1993 into the fiscal budget.

firm on foreign interest last week, lost ground on light prof-it-taking. TDK retreated Y200 to Y4,450 and NEC Y10 to Y1,150. However, some bargain hunting lifted Fujitsu Y8 to Y790 and Sony Y40 to Y4,240. Kirin Brewery rose Y10 to Y1.280. The company expects earnings for the current year to reach Y85bn thanks to rising

In Osaka, the OSE average ended 122.48 down at 22.502.91 in volume of 41.4m shares. Machineries and high-technology issues declined, while some domestic demand-related issues held firm.

Roundup

PROFIT taking in Hong Kong was the outstanding feature in the region yesterday. Australia was closed for a holiday.

taken again, the Hang Seng index losing 45.35 to 4,554.73 in turnover down from HK\$3.02bn to a still-active HK\$2.65bn. Util-ities suffered the session's big-gest falls, followed by banks. gest falls, followed by banks.

Some fund managers were keen to realise profits before next week's Chinese New Year holiday, which will close the market for three days. Volume was diminished by nervousness ahead of the State of the Union address tonight by Preti-

Union address tonight by President George Bush. SEOUL ended higher on renewed expectations of improved relations between North and South Korea. The composite index gained 10.62 to 675.11 in turnover of Won537.9bn, after Won541.1bn. Reports that North Korean leaders had agreed to set up joint ventures with South Kor-

san companies boosted construction and trade-related issues. Hyundai Engineering & Construction, nation's largest construction company, advanced by its

posite index sliding 10.48 to 1,268.20 as profit takers reacted upper limit of Won800 to to President Corason Aquino's endorsement of Mr Fidel Ramos, her former defence serviny, as a candidate to succeed her in the May presidential elections. Combined NEW ZEALAND saw some block trades, but trading was depleted by holidays in Auck-land and in Australia, where most local blue-chip issues are also listed. The NZSB-40 Index improved 5.68 to 1,487.62 after a fall of 1.6 per cent last week. Turnover increased from Fri-day's NZS20.8m to NZS24.7m. turnover on Manila's two bourses was down from 187.5m pesos to 150.4m pesos. TAIWAN focused on small

White goods manufacturer Fisher and Paykei topped the actives list with 2.3m shares traded and closed steady at NZ\$2.10 after London-based fund manager Morgan Stanley Asset Management said it had raised its stake in F&P from

17.4 to to 19.4 per cent. SINGAPORE closed mixed in quiet trading. The Straits Times Industrial index put on 3.60 to 1,545.92 in thin turnover of S\$114.1m (S\$127.2m). Trading in KUALA LUMPUR was also dull the composite index rising 1.77 to 570.55 in turnover of 1\$66.7m (M\$75.5m). MANILA extended its recent

downward correction, the com-

day. Turnover expanded from T\$55.6bn to T\$60.8bn. Observ-ers said the index was boosted mainly by strength in cements and financials, most of which have been lagging. BANGKOK suffered its big-

companies as the weighted index climbed 42.50 to 5,341.49.

after a rise of 55.39 on Satur-

gest one-day loss in two months on heavy profit-taking in finance and property issues. The SET index finished 9.76 off at 771.98 after turnover of

BOMBAY rose on specula-tive buying, the BSE index ending 32.78 shead at 2,172.11 after a day's high of 2,181.35.

China factor behind Hong Kong's rally

Austria	1 Week	4 Weeks	1 Year	Stort of		Start of
				1982	1982	1962
Jalei	-0.43	+5.61	-0.75	+ 5.82	+ 3,25	-0.3
seigium	-0.02	+ 5.09	+ 17.89	+4.59	+2.80	-0.8
Denmark	-0.39	+4.08	+20.84	+3.64	+2.96	-0.6
Finland	-3.28	+21.15	+8.64	+14.90	+ 12.25	+8.3
rance	-0.34	+7.34	+21.11	+4.81	+3.99	+0.3
Bermany	-0.29	+6.54	+15.20	+6.02	+4.99	+1.3
reland	-2.69	+7.60	+27.91	+5.08	+4.74	+ 1.0
taly	+0.16	+12.30	+13.72	+9.70	+9.26	+5.4
Veitherlands	+0.03	+6.19	+24.14	+5.74	+4.77	+1.1
Norway	-5.85	+8.14	+ 3.91	+7.14	+6.14	+2.4
Spain	-0.86	+6,54	+15.95	+2.92	+2.73	-o.a
Sweden	+0.18	÷8,40	+ 15.77	+7.75	+7.07	+3.5
Switzerland	+0.53	+6.80	+27.04	+5.88	+ 5.67	+1.9
JK	-1.14	+4.00	+19.65	+ 1.04	+ 1.04	-2.4
EUROPE	-0.60	+5.84	+18,99	+3.72	÷3.27	-0.3
Australia	-3.82	+ 0.98	+26.24	-2.92	-2.16	-5.5
Hong Kong	+3.50	+9.63	+49.61	+7,78	+11.97	+8.0
Japan	-0.86	-5.34	-7.30	-7,72	-3.08	-6.4
Malaysia	+0.02	+3.39	+ 11.44	+2,47	+8.46	+4.6
New Zealand	-1.83	-0.09	+ 18.88	-2.36	+ 1_26	-22
Singapore	+0.03	+ 5.62	+33.28	+4.39	+7.02	+3.2
Canada	-0.26	+ 5.55	+ 10.79	+3.84	+6.39	
USA	-0.77	÷2.22	+25.08	-0.25	+3.36	-0.2
Mexico	+1.29	+ 13.46	+ 187.28	+10.48	+ 13.16	+9.2
South Africa	-2.36	+5.77	+42.39	÷ 5.26	+6.67	+29
WORLD INDEX	-0.74	+1.02	+13.01	-1.32	1+1.58	-2.0

+0.1 +0.7 -1.1 -0.6

184.34 228.43 258.19 154.10

185.58 101.01 179.93 169.22

Denmark (37) Finland (15)... France (109)...

Hong Kong Ireland (18)

MARKETS IN DEDGRECTIVE

By John Pitt

he 'China factor' gave momentum to Hong Kong's record-breaking advance last week, on reports, later denied by the Chinese authorities, that charges against the former Chinese premier Zhao Ziyang had been

Investors pulled back on Friday and, indeed, again yesterday, but this prolit-taking was still perceived to reflect a general rally shead of the Chinese New Year next Tuesday. Mr David Bates of Asia Equity comments that the China factor was very strong, backed by news from the mainland that China was looking to speed up reforms with further economic liberalisation to promote growth. This was particu-larly welcomed by the market since most of China's exports

go through the colony. However, further profit-tak-ing was expected to be in evi-dence this week as money is taken out of the market prior to the new year celebrations, during which factories will close for a two-week holiday.

-0.1 141.23 134.15 142.23 168.22 -0.1 2.88 168.45 139.14 132.07 139.85 169.45 171.66 125.95 136.01 -0.7 121.91 115.80 122.78 122.91 +0.9 3.92 147.18 120.86 114.71 121.48 121.83 151.52 125.50 134.60 -0.7 154.52 146.77 155.60 153.30 +0.6 2.11 165.46 153.11 145.33 153.89 152.41 200.81 156.55 173.55 -2.1 105.60 100.30 106.34 101.79 -0.7 1.20 129.30 106.18 100.78 106.72 102.47 145.92 117.88 128.99 -1.5 112.56 106.72 113.15 110.90 +0.0 2.57 136.75 112.29 108.57 112.86 110.90 147.66 121.29 131.38 -0.2 139.62 132.63 140.62 165.76 -0.1 2.90 167.56 137.59 130.81 138.31 165.97 169.69 125.91 135.41 -0.1 104.72 99.49 105.48 107.05 +0.7 3.17 126.71 104.05 99.78 104.60 106.35 129.80 103.56 115.58 -1.4 114.35 108.62 115.16 113.12 +0.0 2.90 159.16 144.61 106.35 114.74 113.13 148.16 122.32 131.92 -1.0 119.92 113.91 120.77 128.41 -0.2 2.31 145.14 119.18 113.13 119.80 128.66 150.58 120.06 129.01 -0.3 133.76 127.07 134.74 148.82 +0.2 3.28 180.84 132.07 125.27 132.77 136.07 153.05 122.80 135.17

4.31 142.43 116.95 111.01 117.55 128.17 160.31 112.74 206 166.93 138.25 129.33 138.95 138.85 222.37 153.86 5.07 143.19 117.58 111.59 118.18 118.35 151.20 118.04 3.13 139.92 114.90 109.05 115.47 118.29 144.28 126.49 1.61 265.42 217.95 206.87 219.06 222.46 273.94 217.74 3.10 84.50 69.39 85.86 69.74 77.80 125.15 73.32 3.43 150.97 123.97 117.66 124.55 128.18 152.46 119.11 2.32 118.87 97.61 92.66 98.10 98.10 125.35 94.15 4.03 190.56 156.48 148.52 157.28 189.84 191.57 119.62 3.56 169.60 139.27 182.19 139.98 142.16 182.46 132.88 3.26 79.49 65.27 61.95 65.60 70.94 88.23 94.76 0.86 127.03 104.31 99.00 104.85 99.00 146.97 118.23 286 224.16 184.07 174.70 186.00 229.99 247.78 189.18 1.02 1519.20 1247.49 1184.06 1253.85 5110.19 1528.97 534.45 1.02 1519.20 1247.49 1184.06 1253.85 5110.19 1528.97 534.45 1.02 1519.26 126.88 186.30 176.83 187.25 171.20 228.43 151.63 12.73 226.28 186.30 176.83 187.25 171.20 228.43 151.63 2.73 226.20 210.38 199.68 211.45 182.09 271.99 173.00 4.68 155.05 127.32 120.85 154.85 180.15 204.12 148.60 125.95 180.71 183.89 145.88 154.48 180.15 204.12 146.60 125.95 180.71 148.39 148.88 154.48 180.15 204.12 146.60 125.95 180.71 148.39 148.88 154.48 180.15 204.12 146.60 125.95 180.71 148.39 148.83 148.13 148.39 187.44 156.27 248 169.45 139.14 132.07 139.86 169.46 171.66 125.95

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood

Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

128.17 +0.0
139.75 +0.6
116.16 -0.2
118.20 -0.1
122.71 +1.0
129.37 +0.9
149.31 +0.9
143.23 +0.7
70.72 -0.7
229.69 -0.1
5125.32 +0.3
45.36 +0.6
158.51 +2.2
172.01 +0.5
181.47 -0.3
118.73 +0.7
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119.04 113.07 119.88 139.50 132.50 140.48 118.22 112.28 119.05 118.09 110.25 116.90 219.26 208.26 220.80 71.38 67.78 71.88 125.03 118.75 125.90 98.47 93.54 99.16 157.66 149.74 158.77 140.10 133.07 141.06 65.17 61.89 65.62 103.49 99.30 104.23 167.26 177.85 188.57 1274.34 1210.39 1283.29 8

+0.1 187.26 177.85 188.57 229.69 -0.1 +0.5 1274.34 1210.39 1283.29 5125.38 +0.3 -1.4 127.05 120.68 127.95 126.32 +0.3 +0.1 38.34 36.42 38.61 45.36 +0.6 +0.7 153.84 148.13 154.93 158.51 +2.2 +0.7 190.84 181.08 191.98 172.01 +0.5 +0.8 215.47 204.65 216.98 181.47 -0.3 -0.6 128.60 122.15 129.50 118.73 +0.7 -0.9 154.86 147.11 155.97 181.20 +0.7 -1.3 84.30 80.07 84.90 89.99 +0.8 -0.4 150.16 142.61 151.20 150.16 +1.2 -0.1 141.23 134.55 142.23 168.22 -0.1

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est fall on the Pacific Rim, with the bond market particuinterest rates might not con-

The markets are also nervous about the fiscal package which the Keating government is due to unveil in late February or early in March. Austra-lian interest rates remain high, although some analysts feel that they could come back. Quarterly inflation figures are due to be published tomorrow. Europe remained generally flat. The biggest changes were seen in Norway and Finland

which reversed the strength of the week before as they recorded falls of 5.9 and 3.3 per cent respectively. Norway was hit by news that Norsk Hydro, which accounts for 22 per cent of Oslo's equity

ing a special charge in the fourth quarter. Analysts note that Finland has started to drift back after the new year spree of bargain hunting, and that investors are beginning to focus on preliminary results which will start to

222.37 153.85 180.37 151.20 118.04 131.13 144.26 128.48 127.49 273.94 217.74 238.59 125.15 73.32 95.48 152.48 119.11 134.50 125.35 94.15 109.90 191.57 119.62 129.04

134.50 109.90 129.04 138.57 74.32 129.21

Acceptance of letter of credit

completes oil rig transfer

FT LAW REPORTS

DAVY OFFSHORE LTD v EMERALD FIELD CONTRACTING LTD Queen's Bench Division (Commercial Court):

TITLE TO North Sea oil equipment transferred under a supply contract which provides for completion on payment by letter of credit, passes when the credit is drawn on the accepting bank on tender of contractually specified documents, irrespective of any time lapse between draw-down and actual delivery of cash.

January 21 1992

Mr Justice Hobbouse so held when giving judgment for the plaintiff supplier, Davy Off-shore Ltd, on its claim against Emerald Field Contracting Ltd under a sub-contract for the supply of oil field equipment.

HIS LORDSHIP said that Emerald was a contractor under agreements to supply equipment and services to licens of the right to explore and extract oil from the Emerald Oil Field in the North Sea. In order to fulfil its contrac-

tual obligations it entered into a supply contract dated November 30 1988 with Davy Offshore. Davy agreed to supply Emer-ald with a floating production

facility and single point moor-ing system (FPF).

The overall structure of the contract provided for phases of the work and the provision of certificates. At the completion certificate stage the FPF would be towed to the field and handed over to Emerald. Originally completion was to

be August 5 1990 but work was delayed and would not be fin-ished until summer 1992. Clause 18.1(a) of the contract provided that title to the work

and facilities should be transferred to Emerald "immediately upon completion and payment of the amount due ... at completion as referred to in clause 17.2". By clause 18.1(b) Davy warranted that at time of transfer

and vesting of title, the work and facilities would be free of all mortgages, liens or other encumbrances; and by 18.1(c) it agreed that at time of transfer it would deliver to Emerald a duly executed bill of sale in British form (statutory form 10A) in respect of the FPF. reflecting the warranty.

The contract and the form therefore contemplated that by the time of transfer of title, consideration for transfer would have been paid, and all mortgages and other charges would have been paid off.

Clause 17.2 provided that on completion Emerald should pay Davy 95 per cent of the contract price, the 5 per cent balance to be paid three months and five banking days after completion. Clause 17.5 of the contract

provided that Emerald's obliga-tion to pay under clause 17.2 might be satisfied by Davey drawing under a letter of Accordingly, for the pur-

poses of clauses 17.2 and 18.1, the moment of payment was when the bank accepted documents tendered Under the letter of credit. Davy would not receive the money until five business days after the relevant documents

had been received by the bank. Thus there was a time lapse between date of draw-down under the letter of credit and actual delivery of cash. The documents Davy was

required to produce were the first qualifying certificate together with documents referred to in it. Others to be tendered at the

same time corresponded to doc-uments referred to in clause 36 of the contract. They included the completion certificate, a bill of sale in British form, the final stage certificate, and a "section 10 certificate" from the secretary of state for trade and industry confirming that all conditions of the guarantee issued under section 10 of the Industry Act 1972 had been sat-isfied or waived.

The scheme of clause 36.3.1 was clear. There had to be satisfactory completion or works and facilities. Davy had to produce to Emerald the various listed documents. Implicitly, Emerald had to be satisfied that they complied with the requirements of the contract. It then had to issue the completion certificate, countersign the final stage certificate and obtain a section 10 certificate. It would return all the documents to Davy, which would present them to the bank

under the letter of credit. Davy submitted that title in the FPF did not pass until it had drawn on the letter of credit, because until it had done so payment under clause 17.2 of "all that is due...at completion" would not have been made.

Emerald said the amount due at completion did not include sums payable under the letter of credit, since they were only to be paid after com-pletion — it only included cash payments to be made at time of completion. It said that under occurred when the documents to be provided by Davy were received by Emerald, and at

that time sums were not pay-able under the letter of credit. The significance of the arguments derived from the fact that if Davy did not receive the 95 per cent before parting with title of the FPF, it might well receive only part of what would be owing to it; and from the fact that Emerald was going to be in very real diffi-

culties in procuring the section 10 certificate The contractual intention as to the point at which title should pass was clear.
The starting point was

clause 18.1(a).

That was an express clause dealing specifically with the passing of title. Title was not to pass until "completion and payment of the amount due . . . at completion as referred to in clause 17.2". Both conditions must be satisfied. Clause 17.2 required Emerald to pay Davy the 95 per cent on completion and contained an express cross-reference to clause 17.5. Clause 17.5 expressly provided that the obligation to pay the 95 per

cent might "be satisfied by the contractor drawing under" the letter of credit. It followed that until Davy had so drawn payment had not been made.

Payment of the cash by the bank was to be postponed for five working days after presen-tation and acceptance of docu-ments. Acceptance crystallised the bank's liability and ren-dered it manufactured The dered it unconditional. The bank's accrued obligation to pay under the letter of credit was clearly intended to satisfy Emerald's obligation to pay. It followed that it was Davy's drawing under the letter of credit that satisfied (in the

present context) the second condition to the passing of title in clause 18.1(a).

It also followed that performance by Emerald of those of its obligations necessary to enable Davy to draw under the letter of credit were indirectly conditions of the passing of

title and that, falling putting Davy into a position where it could draw under the letter of credit, the only way Emerald could perform the second con-dition to the passing of title would be by making an actual

cash payment. That conclusion was confirmed by clause 36.3. Prior to completion, Davy, besides finishing the relevant work, had to provide Emerald with the various documents listed in 36.3.1. If those documents complied

the end of it. Emerald lead to perform the three stated obli-gations and "return all such documents forthwith" to Davy. That showed the bill of sale and other documents were not given to Emerald without qual-

with the contract completion

ilication, but simply for the purpose of enabling it to sat-isfy itself that they met con-tractual requirements and return them to Davy. The intention of the contact-was clear, and was consistent with the natural meaning of the words used in clause 18.1(a). Emerald's arguments in the contrary were indistable.

The obligation to provide the section 10 certificate was an indirect condition of the passing of title. It was a condition

that arose at completion.

In June 1991, after the contract had run into difficulties. causing financial problems for the parties and their backers, a "settlement agreement" was negotiated. Under clause H & was agreed (a) subject to the provisions of sub-clause (b)" that repayment to Days of sums outstanding at completion should be deserted subclause (b) provided that the provisions of sub-clause (a) above shall not apply to and letter of credit issued to bay in relation to the prime con-

That could only be sensibly construed as leaving intest Davy's right to be paid in 22 far as it involved payments under letters of credit.

Judgment for Davy.

For Davy: Lord Iroha QC.

Edwin Glasgow QC. Richard

Wilmot Smith, and Smart Catchpole (Ashurst Merris

Crisp) For Emerald: John Dyson OC and Mark Templeman (Watter Farley & Williams)

Rachel Davies